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FINANCIAL TIMES

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Weekend May 27/May 28 1989

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WOLSELEY
The name behind the name.

WORLD NEWS

Czechs expel four Britons in reprisal

Czechoslovakia last night ordered three British diplomats and a businessman to leave the country - a swift and predictable reaction to Britain's expulsion of four Czech diplomats on Thursday.

First secretary Rick Todd and Anthony Arnold, press secretary Patricia Holland and Nicholas Brooks, Shell Oil's representative in Prague, were accused by the Czechoslovak Foreign Ministry of unacceptable behaviour.

China set for purge
China is braced for a purge of top Communist Party and military officials amid talk of a "secret plot" against party rule. Page 22; China's elders limp back to the TV screen, Page 2

Police chief docked
Chief Supt David Duckenfield, the policeman in charge at Hillsborough, admitted misleading football officials and his own senior officer by withholding the fact that the gate which caused the disaster was opened on police orders, not broken down by Liverpool fans. He also apologised at the disaster inquiry for having implied that fans caused Hillsborough's 96 deaths.

Mackay quits church
Lord Mackay, the Lord Chancellor, left the fundamentalist Free Presbyterian Church of Scotland which had suspended him for attending Roman Catholic requiem masses. He said he would never give the undertaking required by the church not to attend similar services in future.

Briton killed in Peru
British tourist Colin Bartley, 26, of Cwyl, North Wales, was shot in the head by Maoist rebels in Peru. The murder was said to have followed a riot at the remote Andean village of Oyeros.

Doctor's murder charge
A 27-year-old doctor is to be charged with murdering a 61-year-old man in a hospital who was shot in the head by Maoist rebels in Peru. The murder was said to have followed a riot at the remote Andean village of Oyeros.

Gay marriages legalised
Denmark's parliament voted by two to one to legalise homosexual marriages.

Broadcast ban upheld
The High Court in London upheld the Government's right to ban broadcast interviews with the IRA and other extremist Northern Ireland organisations. Three judges held the measure was reasonable and did not breach the European Convention on Human Rights. Page 5

Curfew in Nigeria
Nigeria clamped a dusk-to-dawn curfew on the south-eastern city of Benin after protesters against austerity barricaded roads, set army vehicles alight and broke into prisons.

Spain honours Briton
Wheelchair-bound British scientist Stephen Hawking, 47, has been awarded Spain's Prince of Asturias Concord prize of Ptas2m (£10,075) for his work in theoretical physics.

Arab summit ends
Arab leaders ended their Casablanca summit without agreeing on a solution to the Lebanon crisis. Page 2

British Press Awards
Financial Times Bonn correspondent David Marsh has won the David Holden award for correspondents based abroad, and Christina Lamb was named young journalist of the year for her despatches from Afghanistan. Page 4

Financial Times
The Financial Times will not appear on Monday, the Spring Bank Holiday.

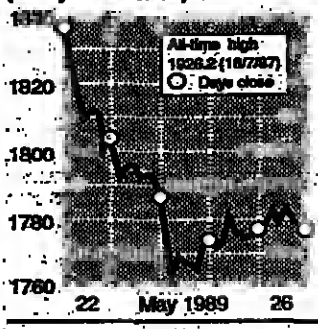
BUSINESS SUMMARY

GDP down by 0.2% in first quarter

UK gross domestic product fell by a seasonally adjusted 0.2 per cent between the last three months of 1988 and the first quarter of this year. It was the first quarterly fall since 1985, according to the Central Statistical Office.

A steep fall in energy output led to a contraction in total UK economic activity. Page 22

FT Index



Account drew to its close. On the week the FT Ordinary index was down 58.7, from 1,837.5 to 1,778.8. Stock market report, Page 15; World Stock Markets, Page 13; Lex, Page 22

RICC, the UK cable company, and STC, the UK information technology group, are to receive £160m from British Telecom as an initial payment on a £600m contract for supplying telephone cables over the next two years. Page 5; GE deal for worldwide phone link, Page 2

IRI, the Italian state holding group, achieved a healthy seven per cent increase in group net profit of £1,200m (£521m) for 1988, helped by sharply reduced losses from steel subsidiaries. Page 10

IREC, one of Japan's largest electronics groups, raised consolidated annual pre-tax profits by 83.5 per cent to ¥132bn (£588m), due to strong investment in industrial plant and equipment. Page 10

FORD of the US may bid for UK car maker Jaguar, according to an interview with Mr Donald Peterson, Ford chairman, in the Chicago Tribune. Stock market report, Page 15

CHANNEL TUNNEL: Balfour Beatty Power of Britain and Spie Batignolles, the French construction and electrical engineering group, were awarded the biggest single contract so far, worth more than \$200m, for the supply and installation of the electricity distribution system to power the railway in the Channel tunnel. Page 4

ABREY National Building Society members may receive a smaller than expected hand-out of free shares during its stock market flotation this summer because of the fall in the housing market. Page 4

COMMONWEALTH Development Corporation, the British bilateral development finance agency, will receive government support of £70m in 1989-90, up from £49m in 1988-89. Page 5

SUN Alliance, one of the UK's leading investment institutions, criticised the leveraged buy-out bid for Magnet, the Yorkshire based kitchen furniture group, as being the thin end of a dangerous wedge for the UK corporate scene. Page 8; Lex, Page 22

COAL miners at a Midlands colliery responded enthusiastically to an offer of £1m worth of cut-price shares in the first of a chain of power stations which British Coal wants to build on colliery sites after the privatisation of the electricity industry. Page 5

Central banks frustrated as dollar rallies strongly

By Simon Holberton, Economics Staff

THE DOLLAR staged a strong recovery on foreign exchange markets yesterday, defying two rounds of concerted central bank intervention that included the West German Bundesbank for the first time in 12 days.

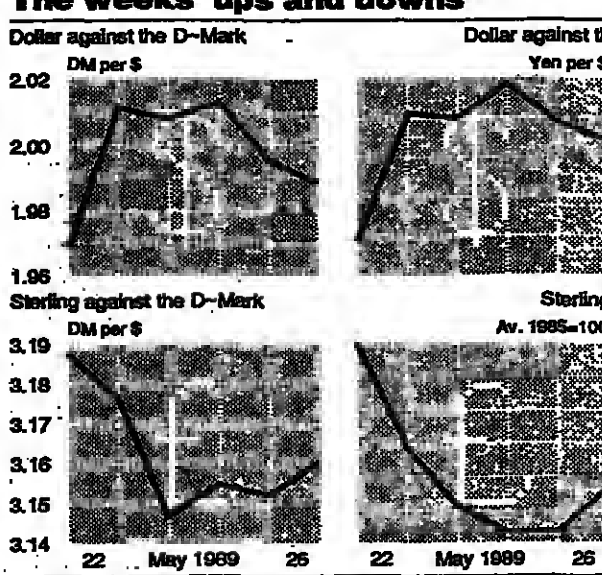
The dollar's rise, after opening sharply lower in Europe and following an unimpressive performance on Thursday, left central bankers frustrated. Although in London the dollar closed marginally below its level of Thursday some officials believe the conduct of their intervention was too late and tactically inept.

The US currency's behaviour yesterday came at the end of a week in which it rose through the psychologically important levels of DM2 and ¥140 and in which the resolve of the Group of Seven leading industrial countries to preserve currency stability was tested and questioned.

Central banking officials said that in the past 10 days the US and Japanese monetary authorities, together with a squad of European central banks, had sold \$6m-\$8m in their attempt to stop the US currency rising against the D-Mark and the yen.

European officials said the efforts of the central banks over the past 10 days or so represented a big step towards currency market operations compared with their activities

The weeks' ups and downs



cent after a meeting of the central bank's board on Tuesday. The bank later confirmed the report that rates would rise for the first time in nine years.

The market was also rife with speculation that the Bundesbank's policy-making council would sanction a rise in the West German discount and Lombard rates, currently 4.5 per cent and 6.5 per cent respectively, when it met on Thursday.

However it would appear unlikely that the Bundesbank will alter its credit policies next week, unless there is intense pressure to do so from its regional board members or some unanticipated development.

Officials in Frankfurt indicated that the central bank alters its credit policies in response to economic conditions in West Germany, not developments in foreign exchange markets. West German money supply figures are seen as benign for interest rates.

The slightly firmer tone to sterling trading helped the London stock market where prices rose. The FT-SE 100-Share Index closed 3.7 better at 2,140.3. But it was sharply down on a week ago as the rise in UK interest rates and the

Continued on Page 22

Rise in US savings, Page 2; Japanese discount rate, Page 2; Editorial Comment, Page 6; How Lawson missed his mark, Page 6; Money Markets, Page 11; Wall Street, Pages 12 and 13; London Stocks, Page 14; Government bonds, Page 15; Lex, Page 22

US seeks trade talks with Japan
By Nancy Dunne in Washington and our foreign staff

THE US is to seek wide-ranging economic and trade talks with Japan in the wake of its announcement on Thursday night that the country was to be singled out for unfair trade practices under last year's Trade Act.

DTI to probe Blue Arrow

By Phillip Coggan

THE Department of Trade and Industry yesterday launched an investigation into the affairs of Blue Arrow, the UK employment agency.

The inspectors have been asked to look in particular at events surrounding a £25m loan by Blue Arrow to Chainrock Corporation, a company controlled by Mr Peter de Savary, the yachtman entrepreneur.

The inquiry follows weeks of speculation and controversy over the loan, made when Mr Tony Berry was chairman of the company.

Mr Berry, who has since been ousted from the board, has maintained he made the loan with the board's authority; the other directors have disputed this.

A DTI investigation is already under way into the conduct of County Nat West, Blue Arrow's former merchant bank, at the time of the company's £837m rights issue in 1987. County ended up with a 9.5 per cent stake in the company after the issue.

Both inquiries have been ordered under Section 432 of the 1985 Companies Act, which is used for the most serious and wide-ranging of the department's investigations. Only four other investigations under the section have been launched in the past four years.

Section 432 of the Act states that the Secretary of State may appoint an inspector if it seems "that persons concerned with the company's formation or the management of its affairs have in connection therewith been guilty of fraud, misfeasance or other misconduct towards it or towards its members" and if "the company's members have not been given all the information with respect to its affairs which they might reasonably expect".

Mr Mitchell Frostman, Blue Arrow's chairman and chief executive, said in a statement yesterday that "the company will of course co-operate fully with any investigation the DTI wishes to make". Mr Berry also said he would give the DTI his full co-operation.

The loan was revealed to shareholders at the company's Annual General Meeting last month. At first, the identity of the borrower was not revealed because of a confidentiality clause in the loan agreement.

It was eventually revealed that the interest-free loan was designed to finance a property

US seeks trade talks with Japan

By Nancy Dunne in Washington and our foreign staff

THE US is to seek wide-ranging economic and trade talks with Japan in the wake of its announcement on Thursday night that the country was to be singled out for unfair trade practices under last year's Trade Act.

The Administration's decision to name India and Brazil as well as Japan for erecting barriers to US trade met international protest but was praised by US businessmen and Congress.

To ease relations with Japan, President Bush directed the Secretaries of State, Treasury, Commerce, the US Trade Representative and others to pursue high-level bilateral talks with Japan on trade and economic policy issues.

The negotiations would initially focus on structural barriers to imports, such as the rigidity in the Japanese distribution system, and pricing mechanisms. They would also cover structural adjustment, balance of payments adjustment, Japan's anti-competitive practices such as bid-rigging and its land-use.

Mr Robert Moshbacher, Commerce Secretary, said yesterday: "By opening this up and being very candid about our differences at this time, we're not only opening markets, we're opening our dialogue. It means there's less chance of trouble down the line."

Mr Moshbacher said the naming of Japan as an "unfair trader" under the aggressive new US trade law was "more positive than negative" for the US-Japanese relationship because it provided at least three years for bilateral negotiations over trade differences.

The blow of the decision has been softened by an emphasis on specific trade barriers for action, and possibly retaliation.

The European Community, which was not named under the act, said: "We profoundly regret the US has chosen this route." Officials in Taipei and Seoul said they expected their countries would come under renewed trade pressure even though they had also not been named.

Congress, which designed the aggressive US trade strategy, reacted generally favourably to the list. Mr Dan Rostenkowski, Chairman of the House Ways and Means Committee, called it "a positive step towards dismantling foreign trade barriers that adversely affect US interests."

Senator Donald Riegle, a key author of Super 301, praised the inclusion of Japanese distribution systems on the US-Japanese agenda, saying it would address barriers to US auto and auto parts exports. Super 301 reaction, Page 3

Weekend FT



Arts and the Market

Antony Thorncroft argues that the Government should accept its obligation to fund artists and free them for their proper role. Page 1

Plus: *Vivaldi London's South Bank goes Latin; arts reviews and news*
Pages XIX-XXIII

Finance

John Plender on how the dollar's rise spoiled the party for equity investors. Page III

Diversions

Robin Lane Fox thinks small is beautiful at Chelsea Flower Show. Plus: *Christian Tyler talks to students anxious to return to China; Lucia van der Post on fashionable footwear; Peter Gillman on the best way for walkers to stay dry; And Tom Fort on why we should keep an eye on Lord Crickhowell*
Page XIX-XXI

Books

A.L. Rowse praises a man whom he considers truly great. Pages XVIII

Sport

Ben Wright on golf and John Barrett on tennis. Pages XXIV

STERLING	DOLLAR	STOCK INDICES
New York lunchtime: \$1.5910	New York lunchtime: DM1.9805	FT-SE 100: 2,140.3 (+3.7)
London: \$1.5890 (1.5800)	FF-F 7075	FT Ordinary: 1,778.8 (+1.5)
DMS: 1800 (3.1525)	Y141.00	FT-A All Share: 1,103.81 (+0.35)
FF-F 10,7025 (10.6800)	DM1.9890 (1.9850)	FT-A long 6m yield: 9.48 (9.46)
FF-F 2,7575 (2.7750)	FF-F 7350 (6.7600)	New York lunchtime: 2,488 (+0.23)
Y224.75 (224.25)	SP-F 1,7350 (1.7350)	Tokyo: Nikkei 34,191.62 (+186.23)
£ Index: 93.4 (93.1)	Y141.40 (141.95)	LONDON MONEY
GOLD	\$ Index: 72.2 (same)	2-month interbank: closing 19.3% (same)
New York: Comex Jun \$365.0	Tokyo close: 140.40	
London: \$363.5 (364.75)	US LUMCEN TREASURY	
N SEA OIL (Argus)	Fed Funds 9.4%	
Brent 15-day Jun: \$17.825 (18.125)	3-mo Treasury Bill: yield: 8.837%	
	Long Bond: 10.2%	
	yield: 8.618%	

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OVERSEAS NEWS

China's elders limp back to the TV screen

By Robert Thomson in Peking

AFTER a commercial break last night on China's central television, the country's prime time viewers saw the return to the small screen and the political stage of the Communist Party geriatrics they thought had been pensioned-off long ago.

Deng Xiaoping, 84. Five more members of the Central Advisory Commission Standing Committee sent apologies - they couldn't make it for health reasons.

ominous opinions of the committee, which is supposed to take a passive role in politics. However, their unexpected television appearance last night showed that the man who led the country to revolution in 1949 are still trying to run China.

Long March veterans who distrust the new generation of more liberal leaders. One of the political crimes allegedly committed by Zhao Ziyang, the embattled party chief, is that he told Soviet President Mikhail Gorbachev of an edict that all important policy decisions must be referred to Deng.

Dang and Chen Yun have had their differences over economic policy, with Chen not as fond of market forces and more of a central planner. Yet, the two share enough political conservatism for Deng to be able to call on Chen's assistance in this time of need.

Suppression of sullen masses in prospect

By Colina MacDougall

CHINA is tracing itself for the severest crackdown in years on all those who have supported the students in their six weeks of demonstrations for more democracy. With Li Peng, the hard-line Prime Minister, now apparently in full control, the protests seem certain to be firmly suppressed.

Li, Chairman of China's highest legislative body, the National People's Congress and a Zhao supporter, is said to be ill in Shanghai after his return from the US, but is more likely also to be under house arrest.

has been notified that the student movement was an "anti-party and anti-counter-revolutionary struggle" - a strong indication that a witch-hunt may be about to begin. Allied to the remarks by Chen Yun, who said the leadership must "suppress this chaos", the outlook for the more open attitudes of recent years is bleak.

Zhao and his allies from power, their grouping contains some odd bedfellows (such as Deng and Chen Yun, who have frequently vied for influence in the past). Even if their coup against Zhao is effective, they are likely to be badly split by old rivalries. Deng's own role in the last few days is none too clear, since for years he was closely associated with Zhao.

in scarce commodities, have continued unchecked. The measures applied then by Premier Li have been totally unsuccessful. With him in sole charge, the handling of the economy is likely to be still more inept.



A student protester places a flag on a statue in Tiananmen Square symbolising the military and people working together

Liberal paper censored

SHANGHAI'S World Economic Herald, one of China's most outspoken and respected proponents of liberal political and economic reforms, has abandoned attempts to publish its weekly editions because of strict censorship imposed by the city's government, writes John Elliott.

planned for May 16 and 23. The censorship started last month after the paper printed a tribute to Mr Hu Yaobang, the deposed former Communist Party general secretary, whose death on April 15 triggered the student unrest.

N-arms clash will cloud Nato summit

By Robert Mauthner and David White

THE still unresolved quarrel over the future of short-range nuclear weapons in Europe, which is threatening the unity of Nato, will cast a cloud over the alliance's 40th anniversary summit, due to be held in Brussels at the beginning of next week.

Such a gesture, if it were made, would be intended as a response to Mr Gorbachev's unilateral troop and arms cuts. But some European members of Nato could see it as the thin end of the wedge opening the way to an eventual US military disengagement from Europe.

Haughey hot favourite for June 15 general election

By Kieran Cooke in Dublin

IRELAND yesterday headed into its fifth election campaign since 1981, with Mr Charles Haughey, the Prime Minister, hot favourite to emerge victorious on June 15.

years and about 40,000 people, mostly young, are expected to leave the republic in 1989. Social agencies warn that there is a growing poverty problem. Many sectors of the social services, in particular that of health, are in serious difficulties due to a lack of funds. Roads, especially rural ones, need urgent attention.

hilled, public borrowing has been substantially reduced. Inflation has been cut to just over 3 per cent, interest rates have been kept well down and, for the first time in many years, there is a general feeling of economic confidence.

Fourteen to hang in S Africa

By Robert Mauthner in Johannesburg

Thirteen South African men and one woman were condemned to death for a politically motivated murder in a case reminiscent of the "Sharpeville Six" trial which drew worldwide protests. Better reports from Uplington, South Africa.

They form the biggest single group sentenced to hang for a political crime in modern South African history, and are among 25 people convicted for killing a black policeman in Paballo township near Uplington at the height of a national black uprising in 1985.

Barclays' S Korean dispute to escalate

By Maggie Ford in Seoul

THE BITTER dispute between the Barclays Bank branch in Seoul and its striking staff union is on the brink of a sharp escalation. The union has announced that it will hold a public demonstration next week. A strike fund has already been established by the federated union representing all foreign bank staff in the country.

since the beginning of May in pursuit of a pay rise of 4.5 per cent plus fringe benefits. Management has offered a rise of 2.5 per cent plus a level of benefits. Most other foreign banks in Seoul have settled without strikes for average pay rises ranging between 31 and 38 per cent plus benefits. The high figures result from an anomaly under which staff in the local financial community have received major rises in benefits over the past two years, mainly through employee share schemes in the booming Seoul stock market, an option not open to foreign banks.

New economy minister named in Argentina

By Gary Mead in Buenos Aires

PRESIDENT Raúl Alfonsín yesterday announced a new cabinet, in which Mr Jesus Rodriguez takes the Economy Ministry, displacing Mr Juan Carlos Pugliese, who goes to the Interior Ministry.

GE deal for world-wide phone link

By James Buchan in New York

GENERAL Electric, the US industrial group whose interests range from aircraft engines to home appliances, is hiring three telecommunications groups to install a sophisticated telephone network to link its offices world-wide.

Rise in saving halts US import growth

By Anthony Harris in Washington

CONTINUED high personal saving and restrained consumer spending have halted US import growth in real terms during the early months of 1989, according to figures issued in Washington today.

French expansion

By Robert Mauthner in Paris

The French economy continued to grow at a rapid rate during the first quarter of this year, despite earlier predictions of a slow-down, according to the National Statistical Institute, writes Ian Davidson in Paris.

Danes plan tax cut

By Robert Mauthner in Copenhagen

The Danish government plans to meet the challenge of 1992 by cutting the corporate income tax rate from 33 per cent and the top rate of personal income tax from 68 to 52 per cent, writes Hilary Barnes in Copenhagen. The proposed reductions will take place over a four-year period starting in 1990 and will be financed by a broadening of the economic base.

Arab summit ends on a sour note

By Victor Mallet in London and Lara Marlowe in Beirut

ARAB leaders failed to agree on a firm initiative to solve the Lebanese crisis at their Casablanca summit this week and abandoned efforts to rid Lebanon of Syrian and Israeli troops.

morning before the final session. His Foreign Minister, Mr Tariq Aziz, claimed there was a gentlemen's agreement that a Syrian troops should withdraw from Lebanon.

Shanghai business forum plan postponed

By John Elliott in Shanghai

THE UNREST in China has forced Mr Zhu Rongji, the Mayor of Shanghai, to postpone the launch next week of his project to form an international panel of top businessmen which would advise him on the development of joint ventures with foreign companies.

Suppression of sullen masses in prospect

By Colina MacDougall

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OVERSEAS NEWS

FT Correspondents assess reaction around the world to the Super 301 measures aimed at forcing open foreign markets to US goods

US action is regrettable, says Tokyo

By Ian Rodger in Tokyo

JAPANESE government and business leaders reacted angrily yesterday to the US Government decision to identify Japan as a priority country for negotiations under the provisions of the Super 301 clause of last year's trade act.

But there was no hint of any plan for retaliation, apart from a possible challenge of the 301 provisions at the General Agreement on Tariffs and Trade.

Mr Sosuke Uno, Foreign Minister, summoned the new US ambassador to Tokyo, Mr Michael Armacost, to tell him the unilateral decision was "extremely regrettable". He said Japan had been making great efforts to open its markets.

Mr Uno accused the US Administration of trying to divert attention from the contribution of its own fiscal deficit to US trade problems. He pointed out that the US "maintains import restrictive measures and practices to a considerable degree", implying that it was poorly placed to be accusing others unilaterally.

Both he and Mr Hiroshi Mitsuoka, Minister of International Trade and Industry, worried that the US moves would have a negative impact on the Uruguay Round of multilateral trade negotiations under the Gatt.

"I sincerely hope that the US will not take measures inconsistent with the Gatt," Mr Uno said, while Mr Mitsuoka threatened to contest the 301 provisions in Gatt.

Japanese officials were particularly incensed that their country should be put together with only two other countries, India and Brazil, for investigation of unfair trade practices. "Who in the world would have thought of Japan alongside India and Brazil?", one official said. In particular, they wonder why the European Community and South Korea were not cited.

They were also bemused by the three sectors selected as cases in which Japan was trading unfairly - supercomputers, satellites and forest products.

They suspected that the sectors were largely symbolic since they did not account for a large part of bilateral trade. They thought supercomputer and satellite issues reflected

JAPAN

US apprehension over Japan's competitiveness in high technology industries, while the forest products sector was a way of keeping the pressure on Japan's protected agriculture industry.

On government procurement of supercomputers, which is alleged to discriminate against imports, the Government said that seven of its 37 supercomputers were US-made, and it hoped that US bidders would participate in current plans for purchasing eight more.

It did not respond to the US complaint that the 90 per cent discount demanded by the government of local manufacturers constitutes a discriminatory trade barrier.

On excluding imports from public sector procurement of satellites, the government claimed that space development was a basic policy and so it was promoting indigenous technology. "Does any European Commission agency buy US satellites?" an official asked.

On forest products, the government argued that its tariff classifications were in line with international conventions and its construction and fire prevention codes had been streamlined in response to advances in technology. However, it was open to discuss these points.

Mr Tsutomu Hata, Minister of Agriculture, said the government should refuse to accept bilateral talks with the US since Japan's forest-product imports from the US last year were double the 1986 level.

Business leaders, too, were angered by the 301 attack. Mr Eishiro Saito, chairman of the powerful Keidanren federation of economic organisations, said the US should have given more consideration to the causes of its trade imbalance before designating Japan an unfair trader.

Mr Osamu Uno, chairman of the Japan Economic Federation, said it was unreasonable unilaterally to define a specific foreign country and its trade practices as unfair under a domestic law.

Government and business leaders urged the US to carry on trying to solve trade problems through quiet talks and joint co-operation, as Mr Uno put it.



Brussels in special 'watch list' protest

By David Buchan in Brussels

EUROPEAN COMMUNITY

THE European Commission yesterday protested at the US decision to put four EC states on a special watch list for possible future retaliation against alleged protectionism in the intellectual property area.

Brussels officials noted that neither the Community nor any individual EC states had been singled as priority targets for US trade action under the Super 301 provisions of the 1988 Trade Act, relating to allegations of general protectionism, or under the Special 301 provision that relates to intellectual property trade issues.

But the Commission strongly reiterated its view yesterday that the US should seek satisfaction for its trade demands in the multilateral Gatt negotiations, and not by means of unilateral threats.

The issue may surface when President Bush holds talks with Mr Jacques Delors, the Commission president, next Tuesday in Brussels. Mr Robert Mosbacher, the US Commerce Secretary, is also due for talks here next week.

Italy, Greece, Spain and Portugal were the four EC countries placed on the Super 301 watch list, which provides for possible future US action if the US finds that such countries are either not protecting US patents and copyright adequately or that closing markets to US businesses that rely on intellectual property protection.

The Commission made clear it had no intention of launching its own investigation to see whether there was any foundation to the US allegations against the four EC states.

Strict import controls were prime target

By Ivo Dawmay in Brasilia

US trade policy towards Brazil over recent years has seemed a bit like a converse of Teddy Roosevelt's celebrated axiom: "Speak softly, and carry a big stick."

For despite predictable, nationalistic and often disproportionate howls of anger from the Brazilians each time the two countries have clashed, most anticipated explosions have ended as whimpers.

To free trade purists, Brazil, with a half-century history of import substitution policies and an import bill valued at less than 5 per cent of gross domestic product, was a prime target for Super 301 treatment.

On its clumsily-titled Trade Estimate Report - issued by the stern schoolmasters of Washington - black stars attach to almost all the country's trade practices.

BRAZIL

Among the recorded sins are: High tariffs averaging 37.4 per cent, with a top rate at 85 per cent.

A rigid, slow and frequently arbitrary system of import licensing.

Lists of prohibited imports.

Quantitative restrictions and import quotas.

Under the Super 301 measures, Brazil was cited for its import licensing policies which the US said kept out its goods, and for its restrictions on US insurance companies.

The greatest source of tension in recent years has been in the computer hardware and software sectors and over pharmaceutical patents. On computers, Brazil's notorious *Lei Informatica* has halted all foreign entry to the microcompu-

ter market, enabling it to build a \$2bn industry.

After a previous trade action, inspired by Microsoft, the software company, Washington succeeded in 1987 in forcing enough concessions from Brasilia, including appeals procedures and other impediments to arbitrary decision-making, to suspend its threat of retaliation.

Ironically today, it is Brazilian industry - often backed by President Jose Sarney's government - that complains most vigorously about the consequences of Congress's infant industry argument, which results in businesses being forced to buy outdated technology at three times the world market price.

Pharmaceutical patents have proved more complicated.

Brazil believes that as a Third World country with acute health and foreign exchange problems it had every right to continue its long standing practice of using drug formulas and production processes without making payments abroad.

No mechanism for redress exists. Consequently, an action brought by the powerful US Pharmaceuticals Manufacturers' Association last year led to retaliation in the form of 100 per cent punitive tariffs against a total of \$39m in Brazilian exports.

The issue is now bogged down in the machinery of the General Agreement on Tariffs and Trade where a panel is shortly to debate whether the US action conflicts with its undertakings under the Uruguay Round for a standstill

and rollback of existing trade restraints.

After this week's announcement, Washington will undoubtedly hear a lot of unhappy speeches from Brasilia about latter-day imperialism and violations of national sovereignty.

But the question now is whether threats against an impotent government on the eve of its first presidential elections for nearly 30 years genuinely serve US interests.

Some may argue that they would only fortify an already vigorous anti-American zeal.

"This is not just about 'feel good' politics," said one understandably anonymous US diplomat this week. "It's also about changing the practices complained of. I have grave doubts that this is the right way to go about it."

Indignation from New Delhi at "irrational" measure

By K.K. Sharma in New Delhi

INDIA yesterday reacted with anger and indignation at the US decision to name it for action under the Super 301 clause of the Trade Act and its Commerce Minister, Mr Dinesh Singh, called it "totally unjustified, irrational and unfair".

The move is bound to lead to a deterioration of relations between the countries at a time when they are already under strain because of differences over a series of related issues like patents and intellectual property rights.

Although the US has recently shown more understanding of what India considers to be its role in South Asia and the Indian Ocean region, strains reappeared this week, when India successfully tested

INDIA

its first long-range guided missile, attracting adverse comment in the US. Some officials have linked the US action to the missile test.

The Indians have been holding negotiations on all aspects of the US Trade Act, including intellectual property rights and the Super 301 clause, and are dismayed that the US has named it for priority action even though India has made some concessions, particularly on not blocking discussions on patents.

What is particularly annoying to India is the fact that its leaders have initiated a policy of liberalisation of the economy that in recent years has

lifted many investment controls and restrictions. Although this process has slowed over the last couple of years for political reasons, ample indications were given to the US that the liberalisation policies would be reinforced, particularly on the question of foreign investment.

In a sharply-worded statement issued soon after the US informed India of the decision to demand changes in its foreign investment policies within 15 months or risk trade sanctions, India's Commerce Minister said the US action was particularly surprising because it had itself "built and retained a variety of barriers against access to its markets".

The US, said Mr Singh, is

"hardly in a position to ask others to lift barriers without doing so itself". He indicated that India would take the issue to Gatt, regretting that the US Government had decided to take unilateral action, "undercutting" the multilateral process, at a time when comprehensive multilateral negotiations were being held.

The Indian practices which have been named are trade related investment measures (Trips), that is, control of investment - particularly performance requirements - relating to domestic content and export obligation.

The US decision has come as a surprise to Indian officials who have been negotiating with their Washington counter-

parts and lobbying hard against being named for action under Super 301. In addition to diplomatic exchanges, a number of delegations of businessmen and officials have recently visited Washington. They had been given the impression that the US would not name India and that further negotiations on the issues involved would be held.

The Indian government takes the position that it cannot submit itself to action under laws adopted by the US and it has the right to follow whatever policies it considers to be in its interests. All foreign trade and investment, it feels, should be within the multilateral process.

Japanese discount rate to rise

By Stefan Wagstyl in Tokyo

THE Bank of Japan, which has been battling to secure an increase in the official discount rate in the face of opposition from other Japanese government agencies, appears to have won the day after weeks of intense debate.

The bank announced yesterday that it will raise the official discount rate next week for the first time in nine years in response to increases in official rates abroad and fears of a resurgence in inflation at home.

The central bank will lift the rate by 0.75 percentage points to 3.25 per cent at a policy board meeting on Tuesday.

The bank has clinched the argument following the publication of figures yesterday which showed sharper-than-expected increases in consumer prices in April and in May. These came at the end of a week in which fears of a resurgence of inflation had already been exacerbated by a sharp decline in the international value of the yen.

Central bank officials declined to comment directly on the possibility of a rise in the official discount rate from its all-time low. However, last night they indicated to Japanese newspapers and television stations that rates would be raised.

The prices data published yesterday showed that in April, consumer prices rose by 2.4 per cent from a year earlier, the highest monthly increase in 12 years. The increase is not as significant as it seems because it is boosted by the introduction of a 3 per cent consumption tax in April. But both the central bank and private sector economists detected signs of underlying increases in prices.

These concerns were reinforced by consumer price figures for Tokyo for May, also published yesterday, which showed that prices in the capital have risen this month by 3.3 per cent year-on-year, following a 2.7 per cent rise in April.

In addition, the central bank has been concerned by the rise in oil prices since last year and the risk that the decline in the yen will promote inflation by raising import costs, since 80 per cent of Japanese imports are dollar-denominated.

A 0.75 percentage point increase in the official discount rate is unlikely to come as a shock to the financial markets.

Mr Seichi Enkyo, head of national economic analysis at the Bank of Tokyo, said: "The market will not be disturbed by this news."

The markets have been well prepared by an increasingly public and acrimonious debate between various government agencies. The central bank has favoured an increase since the early spring because of concern about inflation.

But it has been opposed by the Economic Planning Agency and the Ministry for International Trade and Industry, which are afraid a rate rise might slow down the economy.

The Finance Ministry has been caught in the middle as its domestic wing has been inclined to take the central bank's view, but its international division has argued against any action which might precipitate rises in other countries. The last argument has been gravely weakened by the yen's recent fall.

External assets at record levels

By Stefan Wagstyl

JAPAN'S net external assets grew by 21 per cent last year to a record \$291.7bn (£171bn), due to increases in official foreign exchange reserves, private investment in foreign bonds and loans to developing countries.

The Japanese finance ministry said yesterday Japan's overseas assets were the world's largest for the fourth year running.

Assets grew 37 per cent to \$1,658bn and liabilities by 41.7 per cent to \$1,178bn. Both figures were the largest ever. Direct investments abroad, chiefly in property, industry and commerce, leapt by 43.3 per cent to \$10.7bn. Investments in foreign securities were up 26 per cent to \$427bn and foreigners' investments in Japanese securities were 53.4 per cent higher at \$254.5bn.

Recruit scandal fells Sumitomo bank chief

By Stefan Wagstyl

THE Recruit scandal claimed a new victim yesterday with the resignation of Mr Osamu Sakurai, president of Sumitomo Trust and Banking.

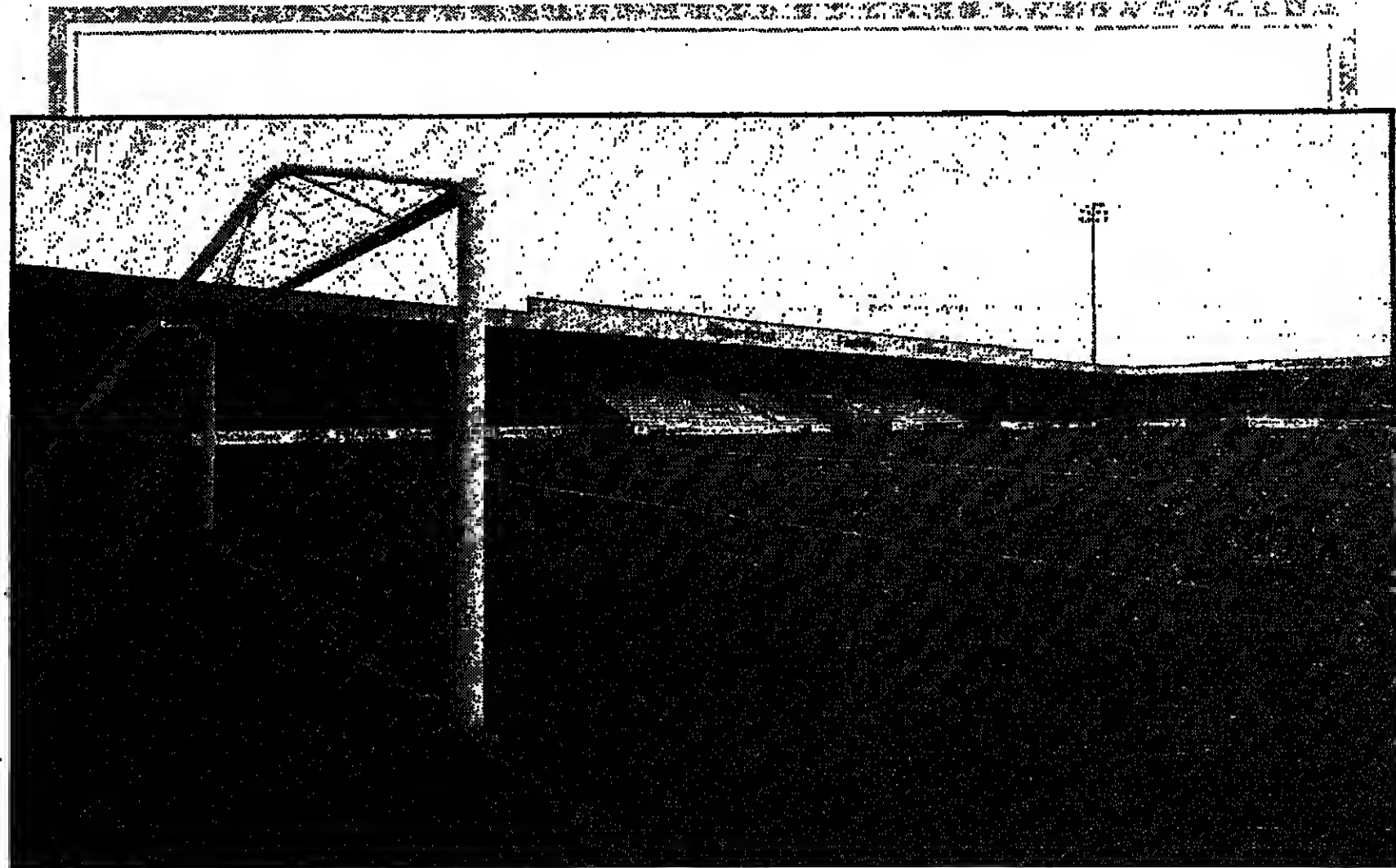
Mr Sakurai was named last year as a list of influential people who received cut-price shares in Recruit Cosmos, an affiliate of Recruit, the company at the centre of the scandal. He said earlier this year he would stay in office until his term expired in summer next year. In January he gave away the profits from his 10,000 Recruit Cosmos shares, estimated at ¥20m (£30,000), to charity.

But he seems to have changed his mind in response to public criticism as well as the widening impact of the affair.

said the Recruit scandal had been "one of the factors in deciding the timing of Mr Sakurai's resignation". The other was a need to rejuvenate management ahead of changes in the industry.

Mr Sakurai said it had been thoughtless to receive Recruit shares, but the deal was not related to his responsibilities at Sumitomo.

Mr Teichiro Hitotsuyanagi, president of Asahi Newspapers, resigned yesterday to take responsibility for an incident in which a photographer damaged a rare coral reef. The photographer visited the reef off Okinawa, returning with a photograph of the coral with initials carved into it. The picture caused a storm. The photographer had carved the letters himself.



Built by Birse,

the first new football stadium in 40 years

The first all new football stadium to be built in Britain for 40 years was designed and built by Birse for Scunthorpe United Football Club and opened for the new season in August 1988.

The stadium was designed in-house by Birse to comply with the recommendations of the recent "Guide to Safety at Sportsgrounds" and typifies our dedication to improving the quality of construction.

Other Birse projects include motorways, bridges, superstores, factories, docks, jetties, waterworks, railways, private housing and property development.

Birse success has been built on the recruitment, training and development of high quality management, and is demonstrated by the rise in group turnover from £1m in 1976 to approximately £185m in 1989.

Birse

WE AIM TO BE THE BEST BUILDERS IN BRITAIN

UK NEWS

Abbey members may get fewer shares on flotation

By David Barchard

ABBEY NATIONAL Building Society members may receive a smaller than expected hand-out of free shares during its stockmarket flotation this summer because of the downturn in the housing market. With just under seven weeks to go until its flotation, Abbey National appears to be forced to choose between raising less new capital than it planned or cutting the value of the free shares it will give its members at the float.

Gould urges BAe sale inquiry

By Richard Donkin and David White

BRITISH Aerospace dismissed speculation a report that it stands to gain \$300m from the development of two Royal Ordnance sites, after buying the whole company for \$190m in a privatisation deal. The report of an imminent announcement of plans for the sites at Enfield, north London, and Waltham Abbey, Essex, led to renewed Labour claims that the Government sold off valuable public assets on the cheap.

Press faces 'threat of legislation'

THE CHAIRMAN of the Press Council, Mr Louis Blom-Cooper QC, has warned yesterday that the public was serving notice that legislation would be imposed on the press as a whole to curb the excesses of a few less responsible members of the industry.

society around £1bn in new capital. However profit forecasts for Abbey National have since dropped sharply. The value the market will put on Abbey National now looks certain to be substantially below what it was when details of the flotation were announced. To raise £1bn of new capital under these conditions, Abbey may have to issue shares near to the bottom price of 190p.

HLD's bid preferred for BS yard

By James Buxton, Scottish Correspondent

THE Government yesterday named a new preferred bidder for the Ferguson shipyard owned by British Shipbuilders at Port Glasgow. It is now to negotiate with HLD Group, which took over the nearby Clark Kincaid marine engine manufacturers from British Shipbuilders late last year in a management buy-out.

Market conditions are so uncertain that senior executives in the building society industry are privately asking if Abbey National may not be tempted to delay the float until the return of more favourable conditions later in the year. A spokesman for the society yesterday firmly denied that there was any question of altering the arrangements for the flotation. "Things will go ahead as planned," he said.

Balfour Beatty and Batignolles win £200m Channel tunnel deal

By Andrew Taylor, Construction Correspondent

BALFOUR BEATTY POWER of Britain and Spia Batignolles, the large French construction and electrical engineering group, were yesterday awarded the biggest single contract for the Channel tunnel project so far. The contract, worth more than £200m, is for the supply and installation of the electric distribution system to power the railway in the tunnel.

Pit which may blacken the heart of England

Richard Tomkins looks at the inquiry into proposed superpit at Hawkhurst Moor

SHOULD the highest coal mine in Europe be sunk in the oasis of countryside that forms the traditional heart of England? The public inquiry into British Coal's proposal ended this week with both sides predicting famous victories. After 51 days of evidence the arguments look as finely balanced as ever.



Berskwell, the 8th century village where British Coal wants to sink a pit

British Coal wants to build the so-called superpit at Hawkhurst Moor, a piece of farmland lying in the thin wedge of Warwickshire countryside that separates Birmingham and Coventry. The mine would take 10 years to build and open early next century. It would then produce 4.2m tonnes of coal a year for about 40 years and provide direct employment for 1,800 people.

works would be underground and the only visual intrusion on the landscape would be the pit's two 60-metre winding towers. Traffic, noise and dust would be strictly controlled. But it has had to acknowledge that its dust suppression system is untried and that noise cannot be eradicated. It also concedes that subsidence is inevitable, with possible consequences for industry and housing in Coventry as well as villages nearby.

Electricity industry will pave the way for cheap foreign imports to take an increasing share of the market. Better exploitation of existing pits could fill the remaining gap. "You also have to take into account wider environmental concerns about the burning of fossil fuels," he says. "With increasing awareness of the threat posed by the greenhouse effect, I would have thought an investment in coal for the next century was a fairly dodgy proposition."

"We don't do anything else except mine coal, and if we can't do that, then we don't have any function," it says. Older pits are becoming worked out and too expensive to be economical, it says, whereas Hawkhurst Moor's coal could compete with foreign imports. Other prospects are under appraisal but, for now, Hawkhurst Moor is the best British Coal has. Mr Anthony Machin, the inspector conducting the inquiry, will embark on 15 site visits in June and July, looking at comparable collieries and visiting places that could be affected by the superpit - the adjacent Masson Ferguson tractor factory in Coventry, for example, and nearby Kenilworth Castle.

Bard bonds may help save Rose Theatre

By Paul Chesswright, Property Correspondent

CITY OF London financial institutions will be asked to mingle devotion to Maimon with love of the Bard to safeguard what is claimed to be "an irreplaceable piece of our intellectual and spiritual heritage." This is the remains of the Rose Theatre, built in 1587 and site of some of Shakespeare's triumphs. Its archaeological importance is trumpeted by the MPs, actors and local residents who combined to form the Rose Theatre Campaign.

Mackay quits church over funeral row

By James Buxton, Scottish Correspondent

LORD MACKAY the Lord Chancellor yesterday gave up his membership of the Free Presbyterian Church after it suspended him for attending Roman Catholic memorial services as part of his legal duties. In a statement that bordered in tone on the defiant, the Lord Chancellor said he had no intention of giving any undertaking not to attend such services in the future. He no longer regarded himself as a member of the church.

Awards for FT journalists

By Richard Donkin and David White

MR DAVID Marsh, Bonn correspondent of the Financial Times, won the David Holden award for correspondents based abroad in the British Press Awards, announced yesterday. Ms Christina Lamb was named young journalist of the year for her reporting on Afghanistan for the FT.

Keeping the tube on the right safety track

Rachel Johnson on the problems of looking after passengers on London Underground

IMAGINE running a transport system more than a hundred years old, which carries 2.7m passengers daily at high speeds in the biggest and oldest underground network of railway tunnels in the world. Furthermore, over 70 per cent of its trains - which cover a network the size of Belgium - are more than 80 years old.



Award winners Christina Lamb and David Marsh with Sir Geoffrey Owen, editor of the Financial Times

Granville

Table with columns: High Low, Company, Price, Change, Gross div (p), Yield % P/E. Lists various securities like Ant. Brit. Ind. Ordinary, Amalgamated and Rover, etc.

IG INDEX LTD. 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-829 7233/5699. An AFB member. Reuters Code: IGIN, IGIO.

Mr Denis Tunncliffe, the managing director of London Underground, has been responsible for such a system for almost a year. About 19,000 staff, 270 stations, and 240 trains require his constant attention. Puffing on a big cigar in LRT's headquarters in Broadway, he shows the control you would expect from a mathematics graduate and ex-pilot when under fire.

Press faces 'threat of legislation'

THE CHAIRMAN of the Press Council, Mr Louis Blom-Cooper QC, has warned yesterday that the public was serving notice that legislation would be imposed on the press as a whole to curb the excesses of a few less responsible members of the industry.

Prices taken at 5pm and change is from previous close at 9pm.

Mr Bill Scott, chairman of HLD and Clark Kincaid, said that the company had several projects which, if it obtained orders for them, could be built at the Ferguson yard. It is trying to win orders for barges-mounted generating equipment engines for which would come from Clark Kincaid.

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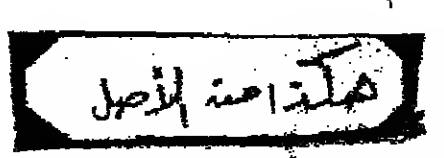
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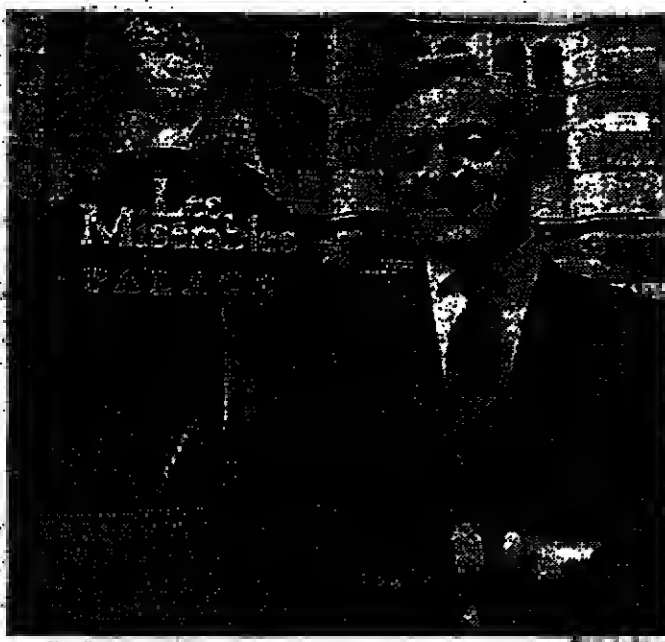
UK NEWS

EMPLOYMENT

Art of putting a value on the stage

Paul Cheeseright on Alex Moss who acts as surveyor to the theatre

ALEX Moss is different from ordinary mortals. He can usually get the best seats in the theatre when he wants them. He knows the owners. Not surprisingly, because he has been involved with most of central London's 40-odd theatres over the last 20 years.



Alex Moss: "You get more nuts wanting to buy a theatre"

He values theatres, arranges leases and negotiates sales - all the work a chartered surveyor might be expected to do in the property business. Except that theatres are not normal property business.

nce so much revenue because it has so many seats and, like a hotel, it has a certain percentage occupancy rate. But all the calculations go out of the window with a flop.

SDP pulls out of Vauxhall by-election

By Tom Lynch

THE SDP has pulled out of the next month's Lambeth Vauxhall by-election, claiming to have struck its first electoral pact with the Social and Liberal Democrats.

New scheme questions retail training standards

By John Gapper, Labour Correspondent

Wm MORRISON, the northern supermarket chain, has devised extra tests for young employees joining an improved version of the company's youth training scheme.

Ms Sowton said the company hoped the new Retail Skills Apprenticeship Scheme would be an incentive for young people to stay with it after qualifying, and put the company in a better position to compete for the falling number of school leavers.

The move is the latest in a series by retailers to upgrade youth training and pay in the face of growing competition for young workers. Sainsbury and Tesco have substantially improved youth pay rates.

UDM miners welcome £1m share offer

By Maurice Samuelson

MINERS at a Midlands colliery yesterday responded enthusiastically to an offer of £1m worth of cut-price shares in the first of a chain of power stations which British Coal wants to build on colliery sites after the privatisation of the electricity industry.

Ban on interviewing extremists in Ulster upheld by High Court

By Raymond Hughes, Law Courts Correspondent

THE GOVERNMENT'S ban on radio and television interviews with members of the IRA, Sinn Féin, the Ulster Freedom Fighters and other extremist Northern Ireland organisations has been upheld by the High Court.

Development funding up £21m

By Michael Holman

THE Commonwealth Development Corporation, the British bilateral development finance agency, has won its case for an increase in government support.

BT awards £300m cable orders

By Hugo Dixon

BICC, the UK cable company, and STC, the UK information technology group, are to receive £190m from British Telecom as an initial contract for supplying it with telecommunication cables over the next two years.

BBC refuses to increase offer after latest strike

By John Gapper, Labour Correspondent

THE British Broadcasting Corporation yesterday reiterated its refusal to improve a 7 per cent pay award to staff after the fourth in a series of 24-hour strikes disrupted news, current affairs and other live programmes.

Midland Bank offer accepted

By Michael Smith, Labour Staff

MIDLAND BANK has won agreement from union negotiators for a pay deal which will raise the basic salaries of non-managerial staff by 7.5 per cent and lift the value of the pre-Christmas bonus from 2.5 to 3 per cent.

Threat to university bargaining

By David Thomas, Education Correspondent

UNIVERSITY employers yesterday threatened to abandon national bargaining this year if lecturers vote against the proposed settlement to the long-running university pay dispute.

Health costs threaten profits in US

By John Hunt

SOARING American health care costs paid by companies for their employees could wipe out future after-tax profits for British subsidiaries in the United States, Mr Bernie Braverman, a vice president of Noble Lowndes, the employee benefits and actuarial services group, warned yesterday.

BT managers accept personal contracts

By Michael Smith, Labour Staff

A LARGE majority of middle managers at British Telecom has rejected the advice of their union and accepted the company's offer of personal contracts.

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Communications unions revive merger talks

By Michael Smith, Labour Staff

BRITAIN'S TWO largest communications unions have revived merger talks in a move which is likely to hasten progress towards the creation of a large union representing workers in post-telecommunications, print and the media.

Health costs threaten profits in US

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The Leeds Floating Rate Notes Due 1998. Interest Rate: 14.575% per annum. Interest Period: 31 May, 1989 - 30 November, 1989. Interest Amount per £500,000 Note due 30 November, 1989: £16,537.33. Agent Bank: Baring Brothers & Co. Limited

Correction

I.A. Pritchard. An article in the Financial Times of May 22 on the formation of a new stockbroking firm in the Midlands, G.R. Dawes & Co, should have made clear that only the Birmingham office of I.A. Pritchard was being acquired. The rest of the operations of I.A. Pritchard, a Bournemouth stockbroking firm, are unaffected.

Economic disarray

THE UK GOVERNMENT is in disarray, in large part because the economy is turning sour. The Prime Minister and the Chancellor of the Exchequer squabble and make up like an ill-matched couple in a soap opera. He would like to see sterling in the exchange rate mechanism of the European Monetary System, while she remains attached to monetarism in one country. She thinks he has undermined her policy while she denies him his. Meanwhile, the soaring dollar and the ineffective attempts of the world's monetary authorities to do anything about it are making their plight still worse.

is precisely what it again appears to them to be. So in pours the money.

Monetary sovereignty

Freely floating exchange rates have created considerable difficulty in the past. So fixed exchange rates, though ones that may be adjusted from time to time, might well prove the best alternative in the long run. If so, the protectionist pressures associated with the US trade deficit have to be met head on. They cannot be wished away by currency manipulation.

The international disarray has also demonstrated how small a thing is Mrs Thatcher's cherished monetary sovereignty. The UK is dependent on an inflow of capital of about 3% per cent of gross domestic product. The Government hoped that the inflow would continue at 12 per cent base rates and a stable exchange rate. This week events offshore put the desired combination out of reach. The announced current account deficit for April, though £1.66bn, was insufficiently big to make some still more sterling remains fragile. There is every possibility of yet another upward adjustment in interest rates.

When things go wrong people cast around for someone to blame. Thus Mrs Thatcher blames Mr Lawson for his flirtation with currency management. She is wrong. That mistake was made in obvious retrospect (not, it should be noted, that most of the Chancellor's present critics noticed them at the time), but the acceleration of demand growth in the UK long preceded the attempt to keep sterling below DM3 in early 1988. The most important mistakes were made some two years earlier. They were, indeed, the proximate cause of the economic performance that Mrs Thatcher gloried in at the time of the 1987 election.

Meanwhile Mr Lawson still hopes for a smooth adjustment to lower growth, remarking only yesterday that "perhaps for the first time, the policy is succeeding in checking excessive demand without having any significant adverse effects on supply." The preliminary figures for GDP in the first quarter suggest this is not so, but - more importantly - it is doubtful whether the damage to underlying inflation done by excessive demand growth in the past can be undone without out adverse effects on supply. There are likely to be many more squabbles, as the full extent of the UK's economic difficulties becomes more evident.

Short and long

But what is short term to Japanese corporations may prove long term to almost everyone else, starting with the financial markets, but including American business and, last but not least, Congress. A soaring dollar is precisely the opposite of what is required when Mrs Carla Hills, the US Trade Representative, has just named Japan as an "unfair trader" under the Omnibus Trade Act of 1988. International macroeconomic co-ordination began in 1985 with a desire to lower the dollar to curb American protectionism. Success on that front remains fragile. The recent strength of the dollar may, in time, undermine it completely.

So the US, Japan and West Germany must reconsider what exchange rate management can and should achieve. There are three possible strategies. The first would be to try to fix exchange rates at levels thought consistent with long term "balance of payments equilibrium" (whatever that may be). The second would be to stabilise currencies in a hand around estimates of "purchasing power parity." The third would be to allow exchange rates to adjust freely to policies that are themselves dictated by the goal of domestic economic stabilisation.

Of these, the first simply looks infeasible. Investors do not want the external adjustment called for by so many pundits. They just want the US to be a safe, profitable haven for their investments and that

FT correspondents examine consumers' response to rising UK interest rates

The Chancellor's efforts to stifle consumer demand by increasing base rates 10 times in less than a year have stood the social, regional and demographic distinctions deemed to characterise the Britain of the 1980s on their heads.

The north appears to be riding the crisis better than the south, and the young are feeling the squeeze's more virulent effects, while the middle-aged are proving more resistant. However, no-one and no region is immune to the impact of the highest lending rates since 1985, and the strain is beginning to show.

The north/south divide has been thrown into sharp relief in the north, where house prices, and consequently mortgages, are relatively low, discretionary spending has so far been little affected. For example, trade is apparently racing away at the North Eastern Co-operative Society with turnover currently up 11 per cent on last year.

A.T. Mays, one of Britain's largest travel agents, with most of its business concentrated in Scotland and the north, reports gains in package holiday sales, while overall the foreign holidays market is down 10 per cent. In contrast, consumer markets in the south are showing marked signs of stress. Mr David Jones, chief executive of the Next store chain, the leading "lifestyle" retailer, told the company's annual meeting on Thursday that London sales were "well down" in the first few months of the year. The French Connection fashion chain, reporting a "lousy" year just past, said conditions were "very, very difficult."

Supplies may still be enjoying their youth, but their upward mobility has been halted by the spiralling rise in mortgage payments. Meanwhile, the woopies - well-off older people - find themselves cushioned against the worst of the squeeze by the fact that many of them have either paid off their mortgages or have only small mortgages outstanding on their homes - which are still worth considerably more than they paid for them. Their savings are also earning plenty of interest.

However, the underlying pressures - and this week's further one point rise in base rates which threatens home-owners with another mortgage repayments rise three months hence - respect none of these fashionable distinctions.

This was demonstrated in part by the L4 per cent provisional drop in UK retail sales volumes during April, reported on Wednesday. And the biggest monthly fall in two years might have been even more dramatic had retailers not dug deeply into their bags of marketing tricks.

Shop sales have been below expectations since before Christmas, and the multiples have had plenty of time to prepare their strategies. Out-of-season sales, discounts and interest-free credit have all been applied to keep turnover moving. Retailer "push" rather than consumer "pull" has succeeded in holding kitchen appliance sales steady, according to Mr John Binks of ACR Research. April figures from the main electrical retailers showed virtually no change on last April's sales.

"But they are having to work hard, and it is probably costing them money to shift this product," said Mr Binks. Multiples with a high proportion of sales coming from own-brand

Paying the price of dear money

Goods made in the Far East, for example, had six or eight-month lead times. It was not easy to stop the flow of products.

The pattern of sales was patchy and the south was performing less well than the north, he added. The appliances market is being supported by strong demand for dishwashers (mostly imported and more popular among older householders). April sales were 9 per cent higher than a year ago. But turnover from washing machines was 4 per cent lower, and sales of microwave ovens (popular among the young) were down almost 12 per cent.

Some retailers have suffered more than others. The electricity board showrooms, for example, because their customers include a large proportion of older people and non-home owners, seemed likely to emerge in better shape than certain others. Even the do-it-yourself stores, which are traditionally supposed to benefit from depression in the housing market, have had to resort to discounting. This weekend, B&Q, the biggest DIY store in the country, is offering 20 per cent off everything for people prepared to pay £25 for its discount card. In company with all the large players, it has experienced a distinct drop in sales since Easter.

The popular theory that people postponing plans to move house find consolation in the wholesale pretentiousness of their existing homes has failed to yield any benefits for the DIY trade. Nor are there any consistent signs of similar effects on the home furnishings trade.

Spending on personal embellishment, however, continues apace. Sales of toiletries and cosmetics show no signs of easing, and the floods of youngsters raiding Mr Gerald Ratners' self-proclaimed "dash-for-cash" jewellery chain continue unabated. At the top end of the market, Crown Jeweller Garraud says it has detected no sudden absence of buyers. In the middle, the John Lewis department store chain reports costume jewellery sales up 24 per cent so far this year.

The apparently indomitable buoyancy of the car market faces a stern test as the registration prefix changes in August, the point when, in normal conditions, manufacturers make 20 per cent of their annual sales. But higher interest rates have yet to make themselves felt - their sting has been drawn by the car makers' widespread use of cheap credit deals financed out of profits reaped from four consecutive years of record sales.

Low-cost financial deals on offer from Ford, the UK market leader with more than a 25 per cent market share, include 2.9 per cent interest on two-year credit deals on many of its small and medium-sized cars. Other incentives include free insurance with an Orion or a car phone plus three years' line rental thrown in - worth £1,500 - on a 2.9 litre Granada. New registrations to the end of April were almost 10 per cent up on

1988. Dealers in the south-east report slower growth, but demand has remained strong elsewhere, and the whole market is underpinned by booming sales of company fleet cars.

The shining optimism of the motor industry and trade is somewhat dulled by sceptical voices in the City. "There should be no false hopes of the UK vehicle market," said Mr John Lawson, analyst at Nomura Research. Demand was likely to slow significantly in the second half of the year. "If manufacturers respond by increasing incentives and competitive pricing - as they can well afford - sales volumes may hold, but margins will fall."

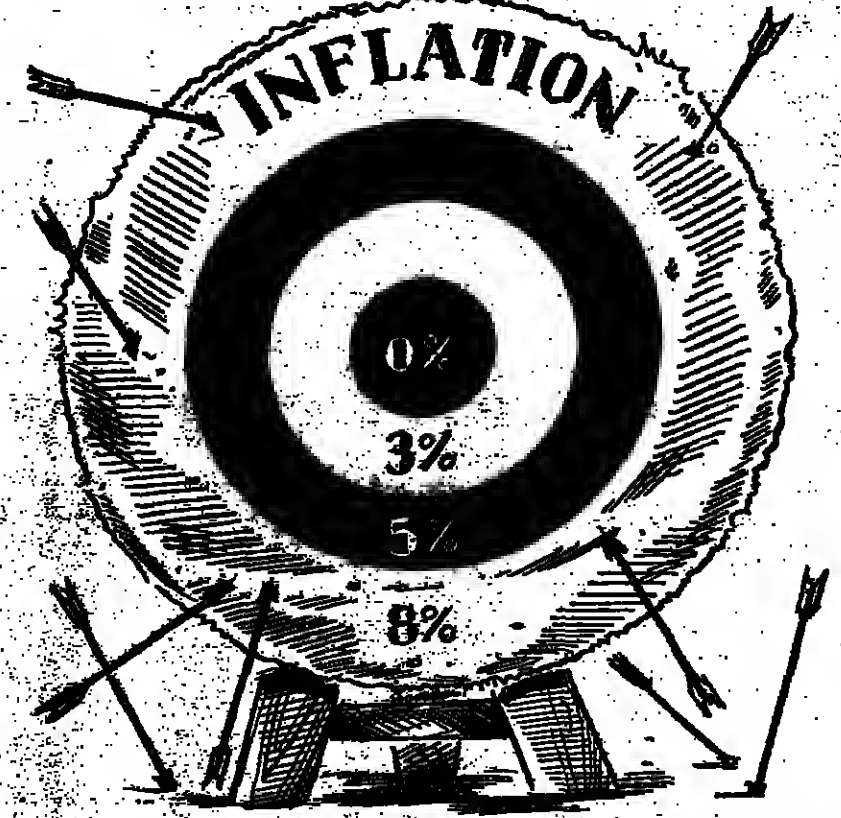
In the UK travel business, the picture is blurred by the after-effects of last year's chaotic delays in airports and the growing disenchantment with the cheap package holiday. Although an estimated 1m fewer Britons will travel abroad on a package this year, analysis of sales shows the holidays selling least well are the cheapest deals. Spain has been especially hard hit, while the British seaside is basking in unusually sunny economic conditions. Fomina, one of the largest holiday camp operators, reports bookings up 30 per cent on last year.

Consumer money markets, despite their apparent sensitivity to interest rate changes, have so far shown little reaction. The credit card industry, for example, has suffered less than might be expected, and Barclaycard, the largest issuer, has held its rates at 25 per cent APR (2 per cent a month) since last August.

One large player in the market, TSB Trustcard, has moved its rate up to 2.2 per cent a month (28.7 APR), but the others, with one eye on the Monopolies and Mergers Commission investigation of their business, have so far been unwilling to follow. However, these consumers attempting to ease their financial strains by borrowing seem increasingly reluctant to draw loans on plastic cards. Other forms of consumer debt, notably bank loans, are rising steadily, but the credit card is losing its share of this market. Last year credit card debt accounted for only a tenth of total consumer borrowing compared with a sixth five years earlier.

Retailers also report growing conservatism among store card holders. Although the number of cards issued rose 8 per cent to 7.5m last year, the amount of debt outstanding on them increased only 3 per cent to £1.5bn.

Savings, meanwhile, are flowing into building society accounts at close to record levels, even though the rates are no longer as competitive as they were. Last month, for example, they took in £1.7bn. And at first sight mortgage business appears to be ticking over reasonably well. Building societies handed out £4.3bn in mortgages last month - respectable enough when compared with £4.7bn in April last year. But societies admit that a high proportion of these loans are remortgages on existing homes.



Given that house prices have recently threatened to displace the weather as the Briton's favourite conversational gambit, few can be unaware of the condition of the housing market. It was inevitable that this would suffer under the interest rates squeeze, and following the latest gloomy forecasts have become even gloomier.

"Last year the building societies did £50.9bn of mortgage business," said Mr Philip Court, chief executive of the Birmingham Midshires society. "I originally thought we might do around £40bn this year in a more subdued market. But it looks like the year-end total may now be as low as £32bn."

Even the market for retirement homes, once considered one of the most resilient parts of the UK housing market, has been affected. Sales fell by more than 25 per cent in the first four months of the year, indicating that many potential buyers have found themselves stuck. Unable to sell their existing homes for what they consider a fair price, they have elected instead to sit it out and wait for conditions to improve.

Once again, London and the south-east are taking most of the strain. According to the Halifax building society, the average price of a London home has fallen by £1,000 since January. Others report falls of 10 per cent, and one Prudential estate agents branch manager claims that his staff of more than a dozen have been more or less idle since Christmas.

Scotland, by contrast, is still enjoying a seller's market. Mr Mike Rutherford, managing director of Stuart Wylie Ogilvie, the leading Scottish estate agency chain, reported prices for first-time buyers had gone up 5.7 per cent across Scotland this year, while the middle market showed rises of 9.15 per cent and the top end 15.40 per cent. "The Scottish market has still got a lot of steam under its bonnet," he said. "We sold the right-hand half of a semi-detached house in Beesden (a smart suburb of Glasgow) in April 1988 for £95,000. This March we sold the other half for £150,000. You can't get a better comparison than that."

So far the Chancellor's squeeze has affected the country where it is, fastest, but there are signs that the pressure is shifting northwards and across

a broader range of the social scale. House prices are still rising north of the River Trent, but agents report indications that they may be peaking. Discounts and special deals are common in every market. Despite the cheery noises from Scotland, Clydesdale Group, the country's largest electrical retailer, feels the need to offer interest-free credit on sales. "We've got to keep the customer spending going," said Mr Hank van Eck, chief executive. "But it's very expensive for the retailer." As he pointed out, the

EFFECTS OF CHANGES IN INTEREST RATES ON SPENDING PATTERNS

	With mortgages	All respondents
Big effect	21%	15%
Small effect	50%	37%
No effect	29%	48%

MOST LIKELY ECONOMIES

Buy fewer clothes	39%
Eat out less often	36%
Put off buying a car	35%
Spend less on drink, cigarettes, sweets	31%
Put off buying TV, VCR, audio equipment	29%
Have a cheaper main holiday	28%
Put off buying equipment for kitchen	23%
Have fewer holidays	21%

Source: Farnsworth Research / Spring 1988

more often store operators offer such special terms, the more often consumers come to demand them. Such tactics will become even more expensive as the latest interest rate rise filters through, and competitive pressures mount. Even if Mr Lawson decides not to squeeze again, and leaves interest rates unchanged, last week's rise must surely be passed on to mortgage payers at some point, and its effects should then start to depress the parts and peoples of Britain that earlier restraints have failed to reach.

Contributors: Christopher Parkes, David Barclay, David Churchill, Maggie Urry, James Buxton, Andrew Taylor, Kevin Done



A year ago, Mr Nigel Lawson, the Chancellor of the Exchequer, could do no wrong. Credited with winning the 1987 election for the Conservatives on a wave of prosperity, author of 1988's tax-reforming Budget, he was powerfully enough to challenge the Prime Minister over the issue of pegging the exchange rate of the pound.

One year on, the aura of success has vanished. Inflation last month was 8 per cent and rising. The second round of weakness forced Mr Lawson to raise interest rates by one percentage point to 14 per cent. Interest rates have nearly doubled in less than a year; they are at a level last seen in early 1985, when sterling seemed to be heading for parity with the dollar. And Mr Lawson can have no certainty that even this crisis level of interest rates will be sufficient to contain speculative pressure on the pound.

There is no doubt that Mr Lawson has made mistakes; he admits as much. The rise in inflation is "wholly unacceptable," he says. It has broken out of a pattern of long-term decline. Inflation at 8 per cent was last seen in August 1982. Earlier this week, the National Institute of Economic and Social Research pinned the main blame on the 1988 tax-cutting Budget. A week ago, the Prime Minister, in a statement later retracted, appeared to pin the Government's inflationary woes on Mr Lawson's attempt to peg the pound to the D-Mark last spring.

But in many ways, the problems started in the mid-1980s. The period witnessed, in bewildering succession, a slide in sterling to near parity with the soaring dollar in early 1985; a sharp fall in oil prices in 1986; and the global stock market crash in October 1987.

With hindsight, one of the errors of Mr Lawson's six years as Chancellor appears to be the failure to use the sharp fall in the oil price in 1986 to transform Britain into a low-inflation country like its European neighbours. Oil prices dropped from around \$25 per barrel in

How Lawson missed his mark

July 1985 to around \$10 per barrel in the spring of 1986. Inflation dropped to 2.4 per cent in July 1986. After some delay, Britain responded with a relaxation of monetary policy and a drop in the sterling exchange rate.

That policy, which meant that inflation started to rise again, ushered in a period of rising employment and faster economic growth. The price, however, was the acceptance of an underlying inflation rate of 4 per cent to 6 per cent.

It left Britain ill-equipped to resist further inflationary pressures when the general easing of monetary policies after the 1987 stock market crash paved the way for a worldwide acceleration of price increases. A British boom ensued. Domestic demand surged by 7 per cent last year, and the current account balance of payments deficit - that old bogey of the British economy - surged upwards to its present annual rate of £18bn.

Mr Lawson's discomfiture has generated its own political melodrama, with oft-remembered and occasionally visible hostilities between Numbers 10 and 11 Downing Street provoking growing concern among Tory backbenchers.

The political implications of rising inflation and high interest rates were hammered home last week when Mr Lawson was heckled by a gathering of Tory women. Amid a welter of recrimination and hindsight, Mr Lawson is fortunate to be a political pachyderm. He appears unperturbed by the discord. "I never have cared what other people think of me," he recently told a television interviewer.

Yet the sudden turn for the worse in the economy has raised old doubts about Mr

Lawson himself. Could it be that he is, as often supposed in the past, still too clever by half? His tolerance for boredom is often low; is a lack of persistence to blame for the fact that Britain has the highest inflation of the major industrial countries?

Perhaps the fairest judgment is that the Chancellor appears to have underestimated the power of three broad trends:

- Britain is an inflation-prone nation. Earnings increased on average by around 7.5 per cent a year between 1983 and 1987, before rising to their present level of 9.25 per cent. The annual rate of retail price inflation dropped to less than 3.7 per cent in May 1983, 2.4 per cent July 1986 and 3.3 per cent early last year, earnings increases stayed high.

The abolition of exchange controls in the early years of the Thatcher Government has brought pain as well as pleasure. Nothing is so volatile as foreign capital. While Britain can now finance a current account balance of payment deficit of around 4 per cent of gross domestic product, government policies and unity are under the constant scrutiny of anonymous foreign investors who stand ready to withdraw an estimated £36bn of short term "hot" money at a moment's notice.

Liberalisation of financial

markets has greatly increased British consumers' appetite for credit. Innovative financing has enabled people to capitalise on rapid rising house values to satisfy their demand for goods. The personal savings ratio is now thought to have averaged 4.1 per cent in the final quarter of last year; 10 years before it was more than 12 per cent.

These broad trends apart, a number of specific factors help explain where Mr Lawson went wrong in 1986. At the time, the Government's policies were generally perceived to be restrictive, especially against the background of political instability caused by the Westland affair early in 1986. In January, base rates were raised by one percentage point to 12.5 per cent when sterling came temporarily under pressure. The Budget that followed was regarded as both prudent and innovative by many in the City who later became Mr Lawson's critics.

Although base rates started to fall after the Budget, unemployment was still rising towards a peak of more than 3m in mid-1986 and there was widespread belief that Britain, because of its oil dependency, was doomed to suffer a "growth pause."

It was only when Mr Lawson gave a further boost to the economy by unexpectedly increasing public expenditure in the autumn of 1986 that alarm began to be expressed. One public complaint came from the Commons Treasury and Civil Service Committees.

It argued late in 1986 that the Government's medium term financial strategy lacked "a coherent framework for the setting of fiscal policy." Observing that "a substantial

change in policy" had occurred over public expenditure control, money supply and interest and exchange rate policy, it urged that these changes should be "openly explained and avowed."

Suspicion grew that the Chancellor was engineering a pre-election boom. That accident rather than malice was to blame is suggested by the fact that he allowed the boom to continue well after the 1987 Conservative election victory.

Something of a puzzle still surrounds Mr Lawson's evolution from a one-time monetary ideologue into a pragmatic seat-of-the-pants Chancellor. As a member of Sir Geoffrey Howe's Treasury team, he helped devise a medium-term financial strategy - based on control of a broad measure of money supply - to counter inflation in the early 1980s. Yet he presided over the strategy's decay and abandonment in the mid-1980s. Again, it is rather than malice, one might say, that Mr Lawson's chosen measure - sterling M3 - had misbehaved even before he became Chancellor, and he was not alone in failing to recognise the implications of this.

Although Mr Lawson has said that he never promised a soft landing for the British economy, he is hoping that investors and economic growth in Britain will survive the shock treatment of higher interest rates. Long term interest rates - the ones that matter to companies contemplating investment - remain far below bank base rates.

But the relative weakness of sterling after this week's interest rate increase shows how vulnerable the Chancellor's strategy is to the sentiment of foreign investors. Further inflationary pressures are in the pipeline, fueling industrial unrest and higher wage claims. The Government's frequent claim that the British economy has been transformed under Mrs Thatcher will be given its most serious test in the months ahead.

Peter Norman

UK COMPANY NEWS

Sun Alliance warning on effects of Magnet buy-out

By David Waller

ONE OF THE UK's leading investment institutions launched an attack on the £620m buy-out bid for Magnet yesterday.

Sun Alliance - a 2 per cent shareholder in the Yorkshire-based kitchen furniture company - criticised the leveraged bid as being the thin end of a dangerous wedge for the UK corporate scene.

Mr Geoffrey Brown, managing director of Sun Alliance Asset Management, urged that if the Magnet deal was successful it would lead to a spate of other such deals, thereby denying institutional investors the opportunity to invest in "good, well-managed companies" over the longer term.

His comments come at a sensitive time for the bid. It has so far managed to attract nearly 70 per cent support from ordinary shareholders but only 37.9 per cent of the preference offer.

The terms of the preference

offer were sweetened with a cash alternative earlier this week but there is still a groundswell of disaffection among institutional investors.

The Magnet proposal is by far the biggest management offer for a quoted company in the UK, far eclipsing Mr Richard Branson's £245m buy-out of his Virgin group late last year.

In the US such leveraged transactions are more common and involve larger companies.

Mr Brown declared that he was "not happy with the directors - people put into the company by shareholders to run the business - spending their time putting together an offer for the company in a way that must create conflicts of interest."

"It is ironic that the City should be denounced for its short-termism," he said, "when in this case we are being done out of opportunities for the long term. In the case of Mag-

net, we're not concerned whether the company has a bad year next year; over the next ten years it will make an attractive investment."

The final closing date for the bid is June 13. Although it would be technically possible for the management team to declare the bid unconditional even now, in practice the required level of acceptances for each category of shares is 90 per cent. This allows Mr Tom Duxbury, chairman of Magnet, to turn the company private and thus obtain optimum financing arrangements.

Mr Colin Keer, managing director of Bankers Trust, adviser to the buy-out team, retorted by saying that "managers should be able to make offers for public companies. They have a duty to behave properly and are probably under fiercer constraints than third parties making bids."

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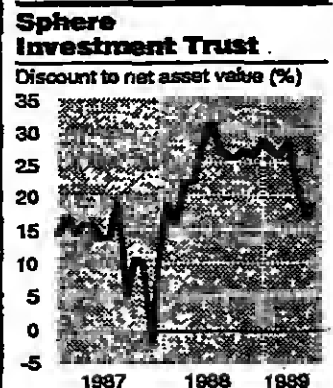
Controlling interest in Sphere up for auction

By Nikki Tait

A CONTROLLING 56.1 per cent interest in Sphere Investment Trust, the £100m-plus investment trust formerly known as TB Natural Resources, is to be sold.

The interest was acquired by Platou, a Norwegian investment company, as a result of a takeover bid for TBNR in September 1987. However, Platou itself was recently taken over by Investa, one of Norway's largest investment companies.

The Sphere stake is effectively being auctioned by County NatWest. The advisers said yesterday that they had a very open mind about the possible bidder.



Sphere Investment Trust
Discount to net asset value (%)

35
30
25
20
15
10
5
0
-5

1987 1988 1989

able routes which could be taken. However, it seems that Norwegian tax regulations militate both against a straight liquidation of the trust or mitigation.

Anyone acquiring the entire stake would be obliged to make an offer at a similar level to the remaining minority shareholders.

These holders have had a rather complicated ride in recent times. Platou made its offer just before the stock market crash, and offered 95 per cent of asset value in its own unlisted shares or 94 per cent in cash - terms which did not compare particularly favourably with other take-out levels for investment trusts at that time. However, having just topped the 50 per cent level at the first close, Platou immediately closed off the cash offer, leaving the sizeable minority.

It subsequently changed both its investment policy of the trust, and switched the management away from Touche Bannant to a recently formed investment company called Marathon Asset Management. Sphere holds a 50.1 per cent interest in Marathon.

At May 19, net assets were £109.4m, equivalent to 22.1p a share. Sphere shares rose 6p to 82p yesterday.

Tiphook backs bid for Sealink's parent

By Andrew Hill

TIPHOOK, the UK container company, and Stena, a privately-owned Swedish shipping group, are offering \$50 a share for Sea Containers, the Bermuda-based owner of Sealink UK ferries, valuing the whole group at \$24m (£19m).

Yesterday, Sea Containers' shares were trading at around \$55 on the New York stock exchange, \$3 up on the previous close.

The offer will be made through a new joint company, Temple Holdings. Tiphook is asking its shareholders to fund its contribution of \$42m by buying an issue of convertible loan stock. The issue works out at nine new ordinary shares for every eight held, at £20 a share, against Tiphook's closing price of 485p, down 19p.

Stena will pay the balance of \$8m, which includes the offer value of its 3.2 per cent stake in Sea Containers.

Tiphook shareholders will subscribe in two instalments. The first, at 185p per unit of stock, will raise about \$55.5m and be payable on July 19. The second, at 315p per unit, will raise £79.5m and be payable on July 12, 1991, assuming the Temple offer is successful before then. If the offer fails, Tiphook will use the proceeds of the first instalment to develop its existing businesses

and fund other suitable acquisitions.

Tiphook also estimated that its profits before tax had exceeded £17.5m in the year to April 30. That would compare with £16m previously. Earnings were estimated at 43.1p (33.1p) and the group intends to recommend a final dividend of 45p, which would make a 7p (5.35p) total.

Apart from some 25 per cent of Sea Containers owned by chairman Mr James Sherwood, his management and the group's subsidiaries, the company has in the past said it can count on the support of investors, an offshore-based investment company, which holds about 8 per cent of the shares. Mr Robert Montague, chairman of Tiphook, estimated that the acquisition of Sea Containers would boost Tiphook's share of the world container market to about 9.5 per cent, second only to Ito and Genstar.

Last summer Stena floated off 50 per cent of its ferry operation, Stena Line, on the Stockholm stock exchange. Stena is also involved in the buying and selling of roll-off car ferries, the operation of a tanker fleet and contracting for the offshore oil industry.

See Lex



Mr Olsson (left), chief executive of Stena, and Mr Robert Montague, chairman of Tiphook

GEC to buy Metro-Cammell

By Lynton McLain

GENERAL ELECTRIC Company is to buy Metro-Cammell, one of the best known names in railway rolling stock, from Laird Group, for a total of \$44.5m.

Metro-Cammell, which makes trains for London Underground, British Rail and Hong Kong metro companies, made a profit of £3.2m on turnover of £97.5m in 1988. It is the first of Laird's two transport equipment companies to be sold under proposals announced in December.

The other is the heavily loss-making double decker buses, midi buses, taxis and motor spares company, Metro-

Cammell Weymann. It is expected to be broken up into its constituents and sold "within weeks," Mr Charles Barton, Laird's corporate development manager, said yesterday.

The proceeds from the disposal will be reinvested by Laird in its remaining businesses: plastic and rubber sealing systems for the European automotive industry, window and door components for the UK and US building industries, and US printing and packaging.

The agreement to buy Metro-Cammell was reached yesterday between Laird and GEC Power Systems, one of the two

biggest subsidiaries of GEC, with sales of £1.2m and 30,000 employees.

The purchase will involve GEC making an initial payment of £20m in cash on completion of the buy-out, with payments totalling £24.5m if Metro-Cammell wins certain orders it is seeking. The agreement is conditional on Office of Fair Trading clearance.

GEC Power Systems and Metro-Cammell will eventually become part of the Anglo-French joint venture company, GEC-Alsthom. This is owned by GEC and the parent company of Alsthom, Compagnie Générale d'Electricité.

Kelt in assets sale to Repsol

By Nikki Tait

KELT ENERGY, the oil independent which took over Carless in January in a highly-leveraged £206m offer, yesterday announced the sale of Carless Ltd - the only remaining assets of which are the Carless Refining & Marketing and Carless Petroleum businesses - to Repsol Petroleo, the Spanish oil conglomerate which was partly privatised this year.

The consideration for the Carless Ltd equity is £51.5m. In addition, Kelt is raising around £30m from the remaining assets associated with Carless' downstream businesses. The assets principally comprise receivables, but also equity investments, property and cash.

Together with previously announced disposals, Kelt said from Carless' downstream businesses it has now raised £136.5m, which will go towards repaying debt. It noted that Carless valued its upstream business at £100m in one circular last November, and that the imputed value of £46m for the downstream assets contrasts with the figure actually achieved.

The upstream assets of Carless have already been transferred to Kelt itself.

GEC is principally involved in the refining of North Sea gas condensates at Harwich. It also processes synthetic rich vacuum gas oils. Carless Petroleum distributes and markets

petroleum fuels. The book value of the two subsidiaries is put at around £30.8m and the pre-tax profit in the year to March 31 was approximately £4.4m.

Kelt added yesterday that it intended to repay existing project debt relating to the Wyth Farm shareholding - also inherited with Carless - and replace it "with a facility on considerably more attractive terms."

Kelt said it expected to repay American Express, the bank which provided a near-£200m loan facility to fund the Carless bid, "substantially more" than the £98.2m which is due in mid-June.

See Lex

Kleen-e-ze profits dive

By Clay Harris

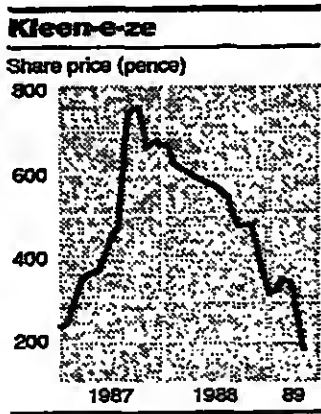
KLEEN-E-ZE Holdings, the housewares distributor and industrial seals manufacturer which expanded into direct marketing last year with the acquisition of NSP Group, saw pre-tax profits plunge to £105,000 in the six months to March 31.

The group's shares plunged 70p to 175p yesterday, to increase the total loss for the week to 130p.

Kleen-e-ze blamed the

decline, from £865,000 in the comparable six months, on the September postal strike's disruption of NSP's direct marketing activities.

Turnover rose to £25.2m (£24.2m). Earnings per share fell to 1.12p (1.83p). There is no interim dividend, but Kleen-e-ze said it intended to pay a final 8.5p. This compares with total payments of 12p for the 17 months to September 2 1988.



BDDP extends offer for BMP

By Nikki Tait

BDDP, the French agency group which is waging a hostile bid for London-based Boase Massimi Pollitt, yesterday extended its £118.5m offer for two weeks - to June 9.

This was taken by the market as a clear indication that BDDP has not lost interest, despite the fact that its 345p-a-share offer has been overtaken by BMP's white knight, the larger US-based Omnicom group. Omnicom is offering 365p a share. BMP shares rose 5p to 375p.

Freeman moves into Europe with French buy

By Clay Harris

Freeman Group, the insulation specialist, has taken its first step into continental Europe with the acquisition of Ovest Isol, the French market leader in industrial insulation materials for pipes, ducts and tanks.

Freeman is paying a total of FF 20m (£1.7m) to buy Ovest Isol from Rhin-Rhône, the fuel trader and distributor controlled by Bollere Technologies. It expects to improve the 2 per cent margin achieved by Ovest Isol, which reported pre-tax profits of \$22,000 on turnover of £15.2m in 1988.

Industrial insulation, a field in which Freeman has limited exposure, accounts for 70 per cent of Ovest Isol's turnover. The balance comes from distribution of materials for structural building insulation.

The Rouen-based company will be put into a new Freeman subsidiary, France Isolation, in which management and employees may eventually hold up to 35 per cent. Mr Francois Chombart de Lauwe, Ovest Isol's managing director, will have a 10 per cent stake.

GPG plunges to \$5.3m

By Patrick Cockburn and David Lassells

GPG, the insurance broker and fund manager rump of the former Guinness Peat Group, yesterday reported a fall in pre-tax profits from \$22.2m to \$5.3m (£3.5m) for the six months to March 31.

After tax and a \$1.5m extraordinary credit, profits came out at \$4.7m (\$3.5m). Earnings per share were 0.97 cents and GPG will pay an interim dividend of 0.37 cents.

GPG, controlled by a consortium of banks led by Samuel Montagu since its largest shareholder, Equitcorp of New Zealand, went into voluntary liquidation in January, has been looking for a buyer since last summer.

Earlier this week, 61 per cent of Guinness Mellon, the merchant bank which was demerged from GPG last year, was bought by Bank of Yokohama. GPG said its exposure to Equitcorp is limited to \$3m. GPG has approved in principle the sale of its Penarth Insurance subsidiary to management. Negotiations are continuing on price and terms.

In insurance broking, GPG said that the rise in the value of the dollar would help US

Unilever buying another US ice cream business

By Christopher Parkes, Consumer Industries Editor

Unilever, the Anglo-Dutch consumer products group, is to extend its US ice cream business with the purchase of Gold Bond, manufacturer of the Popcorn Ice lolly.

Gold Bond is a private company based in Wisconsin, and employing 1,500 people in six factories. Turnover last year was \$175m, equal to £109.55m.

Terms of the deal were not disclosed.

Thomas Lipton, Unilever's US foods subsidiary, has worked closely with Gold Bond for more than five years, contracting it to manufacture and distribute ice cream.

British Aerospace

Foreign-held shares in British Aerospace were 54.8% above the 15 per cent Government-imposed limit, the company announced yesterday. BAE was held by its registrars that on May 26 38.54m shares, representing 16.05 per cent of the equity, were in foreign hands.

Ferry Pickering

Profits before tax of the Ferry Pickering Group totalled £1.32m on a turnover of £9.88m for the half-year ended February 28. For the six months to end-December 1987 taxable profits were £1.42m on turnover of £9.72m.

The interim dividend, meanwhile, goes up from 1.9p to 2.1p.

ANNUAL MEETINGS

Son pleads for clemency for Saunders

By David Waller

THE 23-YEAR-OLD son of Mr Ernest Saunders, the former chairman of Guinness, stood up at the drinks company's annual general meeting yesterday and appealed to the current management to stop harassing his father in the law-courts.

Mr James Saunders, a trainee barrister, urged his father's boardroom successors to stop a civil action launched against him in the wake of the controversial takeover of Distillers three years ago.

"Guinness has spent millions of pounds of shareholders' money pursuing this action," he said, "and I want to know how they can justify the suffering and distress to the claim for wrongful dismissal."

Guinness has sued Mr Saunders Sr and Mr Tom Ward, a former Guinness director, over a £5.2m payment from Guinness to Mr Ward, allegedly approved by Mr Saunders. This case is separate from the criminal charge brought against him by the Serious Fraud Office.

Sir Norman Macfarlane, Guinness chairman, said that the company was duty bound to pursue the action in the interests of shareholders. However, many of those gathered at London Hilton Hotel yesterday expressed their support for Mr Saunders and his son.

On the separate issue of compensation for former Distillers shareholders, Guinness said that it had been working with the executive of the Take-over Panel with a view to reaching an "equitable" solution. An announcement as to the outcome could be expected soon.

Sir Ian MacLaurin, chairman, told Tesco shareholders that the food retailer group was urgently considering how to make the contamination of products by so-called "consumer terrorists" more difficult and, ideally, impossible.

He said the group was working with its own-label manufacturers to review all manufacturing processes and packaging techniques, and where appropriate, making changes over the next few months.

The business had "never been in better heart", he said, and the group would be opening 60 new stores over the next three years.

The group's warehousing was being completely reorganised into a single, integrated system with composite warehouses for all categories of food product. Computers for

ordering were being installed in stores - there would be 209 by the end of the financial year. Electronic Point of Sale would be in 105 stores by then.

Sir Ian maintained that Tesco had a good record in its concern for the environment and healthy eating. It launched the Tesco Cares environmental initiative earlier this year and was the first national company to offer lead-free petrol at all its filling stations by Budget Day. CFCs have been banned from its shelves and the group is selling increasing quantities of organic fruit and vegetables. More recyclable materials were being used in its packaging.

NHW Computers shareholders were told by the chairman that the company, which provides computer accounting services and systems and had been heavily hit by the crash, had traded profitably so far this year and that borrowings were steadily being reduced. "To achieve this," he said, "overheads have been cut by more than one-third." The group had increased spending on development and sales of new products and services for both existing and new markets. This was already paying off, and he was confident that, if the year continues in the same vein, NMW would return to profitability.

The chairman told shareholders in Liberty, the retailer, that the improvement in sales and wholesale orders he referred to in his 1988/89 statement had been maintained in

April and May. He was confident for a satisfactory performance in the first half and said that in the current economic climate, it was far too early to make a forecast for the full year.

"We are beginning to see a slowdown in activity in one or two of our companies which supply consumer durable manufacturers," reported Professor Roland Smith, chairman, to shareholders of Senior Engineering Group, the trader in engineering products. However, activity generally continued at a good level, he said, and the board was particularly pleased to see the benefits from the acquisition of Foster Wheeler.

Shareholders of Dawson-group, the commercial vehicle rental and contract hire group, were told by the chairman that, although it was still too early to predict the results for the year as a whole, the directors must naturally be somewhat cautious about the outlook. Utilisation levels in the first quarter were lower than in the comparable period and, due to competitive pressures, charges could not be raised sufficiently to maintain margins in this sector of the fleet. Other divisions had traded in line with budget, except in short-term rentals, where sales had increased by more than 40 per cent.



Echoes of the dispute about whether to merge with five Lloyds Bank businesses were heard at yesterday's annual general meeting of the Abbey Life Group, the financial services company, writes John Thornhill. Some shareholders expressed their continued opposition to the merger - which was initially rejected by an extraordinary general meeting and only approved at the second attempt late last year.

But Mr Michael Hopper, chairman (above), said that after five months of working with Lloyds he was more convinced than ever that the decision to merge was a sound one and that the prospects for earnings per share growth were significantly greater than before.

Commenting on prospects in the current year, however, he said that those parts of the group's business relating to the housing market would produce a dull performance. "Some signs of this were becoming apparent at the time of the merger but the extent of the housing market downturn has proved to be greater than anticipated," he said.

He added that the performance of other parts of the business were matching expectations and overall the 1989 results would be "reasonable in the circumstances."

The shareholders also approved resolutions changing the group's name to Lloyds Abbey Life, allowing shareholders to receive extra shares instead of dividends, and making an ex gratia payment of £10,000 to Mr Robin Baillie, a former director who resigned in December. The last resolution was challenged from the floor but passed by a vote of 15 to eight.

Thos. Jourdan acquires Room Outside for £0.8m

By John Riddling

THOMAS JOURDAN, the consumer products group, has acquired Room Outside, a conservatory supplier, for £780,000, but warned that profits in the first half of the year, would show a slight fall.

The company said that "at the end of the first quarter the trading of the subsidiary, a conservatory supplier, was satisfactory but we would expect the result for the period to be slightly lower than the corresponding period."

Mr Keith Whitten, chairman, added, however, that the first half is traditionally volatile and is not a reliable guide to the likely outcome for the full year.

The expected shortfall is the result of the slowdown in conservatory expenditure which has become apparent over recent months. In response, retailers have been de-stocking.

Mr Whitten said that the subsidiaries affected were Corby Trusser Presses and Sunnet, which manufactures interior furnishings. However, Woodstock, the kitchen furniture manufacturer, is said to be doing well.

Room Outside, which supplies traditional timber conservatories, reported pre-tax profits of £240,000 in 1988 on turnover of £1.4m. At the end of the year, net assets stood at £127,140.

Company	Current dividend	Date of payment	Corresponding dividend	Total for year	Total last year
Eastern Produce	8.5	July 21	7.5	11	10
Ferry Pickering	2.1	-	1.9	-	5.6
GPG	0.97	-	2.07	-	1.74
Hawthill Whiting	0.1	Aug 14	4	-	4
Isopad Int	3.5	-	-	0.1	-
Jarvis Porter	2.6	July 28	2.6	5	4
Kellogg Int	4.125	-	3.75	-	4
Wilsons	0.5	Aug 8	0.5	-	11.25

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡US\$ stock. §Unquoted stock. ¶Third market. ††For 14 months. ‡‡Pence.

MARKET STATISTICS

Economic Diary

TODAY: Defence secretaries of Pakistan and India to discuss continuing military confrontation in Kashmir.

TOMORROW: Madagascar, Benin, Guyana and Zimbabwe to hold parliamentary elections. Critics of Bolivia's general election.

MONDAY: Summit of NATO heads of government in Brussels (until May 30). European Community Industry Council meets in Brussels. Start of two-day meeting of the European Community agriculture council in Brussels.

TUESDAY: Threatened bus and London Underground strikes. Confederation of British Industry publishes monthly trade enquiry.

WEDNESDAY: Threatened bus and London Underground strikes. Confederation of British Industry publishes monthly trade enquiry.

THURSDAY: Investment intentions of the manufacturing and services industries (Spring survey). US construction spending (April), first quarter production and costs. OPEC ministers meet ahead of oil meeting on June 5. Mr. Alfredo Cristiani, President-Elect of San Salvador, takes office. Mr. Peter Ciolek, financial adviser in court on remand after collapse of Barlow Clowes. Women's Institute holds annual meeting at the Royal Albert Hall. British Telecom, financial adviser in court on remand after collapse of Barlow Clowes. Women's Institute holds annual meeting at the Royal Albert Hall. British Telecom, financial adviser in court on remand after collapse of Barlow Clowes. Women's Institute holds annual meeting at the Royal Albert Hall.

EUROPEAN OPTIONS EXCHANGE

Series	May 89		Jun 89		Jul 89		Aug 89		Stock
	Vol	Last	Vol	Last	Vol	Last	Vol	Last	
Gold 1	3,370	10.89	30	10.89	15	10.89	15	10.89	3,370
Gold 2	3,440	10.89	30	10.89	15	10.89	15	10.89	3,440
Gold 3	3,370	10.89	30	10.89	15	10.89	15	10.89	3,370

Series	Jul 89		Oct 89		Jan 90		Stock
	Vol	Last	Vol	Last	Vol	Last	
ASB C	65	1.80	142	2.70	65	1.80	ASB C
Anglo C	1,102	1.00	100	1.00	100	1.00	Anglo C
Alco C	12	2.30	47	6.00	13	2.30	Alco C

BASE LENDING RATES

Bank	Rate	Bank	Rate	Bank	Rate
ABN Bank	14	Cyberbank	14	MidWestminster	14
Adia & Company	14	Co-operative Bank	13	North Bank Ltd	14
AAI - Allied Arab Bk	14	Co-operative Bank	13	Paragon Bank Ltd	14

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Friday May 26 1989					Year to date					Highs and Lows Index	
	Index	Day's Change	Est. Yield %	Gross Yield %	Div. Yield %	Index	Index	Index	Index	Index	1989	Since Completion
1 CAPITAL GOODS (285)	981.29	+0.5	18.37	11.89	12.78	975.96	978.40	975.87	1066.51	1975	775.54	1083.07
2 Building Materials (29)	1249.97	+0.4	12.37	4.09	10.86	1245.44	1243.84	1247.53	984.53	1975	1181.88	1212.74

BANK RETURN

LIABILITIES	Wednesday May 24 1989		Increase or decrease for week
	£	%	
Capital	14,443,000	100.00	3,686,282
Reserves	1,402,083,851	9.70	705,683,006

ASSETS	Wednesday May 24 1989		Increase or decrease for week
	£	%	
Government Securities	940,724,187	6.52	3,686,282
Advances and other accounts	1,402,083,851	9.70	705,683,006

European Assets Trust

The net asset value at 30th April 1989 DFI 7.71

COMPANY NOTICES

ÖSTERREICHISCHE LÄNDERBANK
 Notice is hereby given to the holders of Participation Certificates of Österreichische Länderbank Aktiengesellschaft of the issue of up to 350,718 new Participation Certificates of AS 100 received value each, with dividend coupons No 6 arranged in numerical order as presented together with a list in duplicate specifying Participation Certificates numbers. Payment for the new Participation Certificates must be received by 12th June, 1989 at the latest.

EDUCATIONAL

Get ready for 1992 learn French now at the most renowned school
INSTITUT DE FRANCAIS
 • The highest quality teaching
 • A high-level international student body
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 • A truly dedicated staff

PREPARE FOR 1992
 Courses designed to achieve specific language targets
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 June 5-9 and 12, 6.30-9.30pm, at South West London College in Tooting Broadway, SW11 0TQ.
 225, Phone: Meris Martin - Gallardo on 81-677-5041
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FIXED INTEREST

PRICE INDICES	Fri May 26	Day's change	Thu May 25	rd adj. today	rd adj. 1989 to date	AVERAGE GROSS RECEIPTMENT YIELDS		1989		
						Fri May 26	Thu May 25	Year (approx.)	High	Low
1 5 years	118.08	+0.23	117.81	-	4.41	118.08	9.71	8.73	18.29	8.88
2 5-15 years	123.49	+0.30	123.09	-	4.62	108.89	9.29	8.29	20.96	9.29

Usher-Walker Printing inks and rollers
 Extracts from the Review by the Chairman, Mr. P.F. Walker

- Group profit has increased to £1,253,509 for 1988 on a turnover of £14,274,987.
- The Board are recommending the payment of an increased final dividend of 7.0p net per share making a total of 10.0p net per share compared with 8.9p net per share for 1988.
- The general buoyancy of the newspaper industry contributed to our progress in 1988 as did the move towards the use of more sophisticated inks and the greater use of colour by newspapers. In addition most of the other sectors of our business showed volume increases, including our liquid inks for the packaging industry.
- Sales volumes for the first three months of this year are encouragingly above those for 1988, and we look forward to the future with confidence.

	1988	1987
	£	£
Group Turnover	14,274,987	12,217,519
Trading Profit	1,253,509	1,046,333
Profit after Tax	762,685	592,774
Earnings per Share	35.67p	27.69p
Total Ordinary Dividend	10.00p	8.90p

FUTURE OF EUROPEAN CAPITAL MARKETS
 The Financial Times proposes to publish this survey on 3rd July 1989
 For a full editorial synopsis and advertisement details, please contact:
 Richard Wells or Gillian King on 01-873 3699 or 01-873 4823
 or write to him/her at:
 Number One Southwark Bridge London SE1 9HL
 or contact your local FT Representative

What's coming next? F.R.E.E
 A new boom to sweep you off your feet? A long slow climb? A boring plateau? Or even another downturn in 1990? It's a time of question marks all round.
 Yet there's still a lot of money to be made.
 One thing is certain - you need information. You need to know what the experts are thinking - before most of them are thinking it!
 You need Investors Chronicle! It gives you the answers. Puts you one step ahead of the field.
 And if you accept this offer we will send it to you free for 4 weeks. All you have to do is complete and return the coupon below.
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E62 UK (inc. N. Ireland)
 E74 Europe (letter rate) (Eire (or local currency equivalent))
 E80 Rest of World (airmail)

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 I wish to pay by credit card
 Please debit my account
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 Company/Private Address
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 Nature of Business
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 London SE1 9HL. Reg. No. 980896.

Expiry Date _____
 Signature _____
 Date _____

INTERNATIONAL COMPANIES AND FINANCE

NTT profits tumble 14% as competition mounts

By Stefan Wagstyl in Tokyo

NIPPON Telegraph & Telephone, Japan's largest company, yesterday reported a 14.3 per cent fall in annual pre-tax profits to ¥426bn (\$3bn) caused by competition from new companies entering a market which was once NTT's monopoly.

NEC turns in bumper results

By Stefan Wagstyl

NEC, one of Japan's largest electronics companies, lifted consolidated annual pre-tax profits by 83.5 per cent to ¥132bn, due to strong investment in industrial plant and equipment, especially in Japan.

Margins under pressure at Daihatsu

By Stefan Wagstyl

DAIHATSU MOTOR, the Japanese mini-car producer, increased sales by 15 per cent to ¥64bn (\$480m) in the year to end-March in the face of stiff competition from other manufacturers.

NTT said that although profits were down they were above the ¥425bn target set mid-year. Operating revenues slipped 0.2 per cent to ¥5,652bn. Operating profits were down 14.3 per cent to ¥426bn. Net income was ¥293bn against ¥243.5bn, or ¥14.72 per share (¥15.592). The dividend is unchanged at ¥5,000.

In order to counteract the impact of the yen's rise and trade frictions, NEC expanded overseas production, especially for microchips and communications equipment. Yesterday it announced plans to build a ¥60bn factory in California to produce 4-megabit DRAM memory chips.

Dresdner Bank over 10% ahead after four months

By Haig Simonian in Frankfurt

PARTIAL operating profits at Dresdner Bank, West Germany's second biggest, rose by more than 10 per cent at parent bank level in the first four months of the year against the figure for the same period of 1988, said Mr Wolfgang Roller, the chief executive, yesterday.

NTT said it was trying to increase profitability by introducing new products and services, such as an integrated digital communications network, and by marketing campaigns to encourage more telephone calls.

After microchips, the fastest growing division was computers and industrial electronic systems, where sales rose by 18 per cent to ¥1,333bn. For the current year, NEC forecasts sales to rise by 7 per cent to ¥3,300bn and profits by 17 per cent to ¥155bn.

Nestlé shares move blocked

By Chris Sherwell in Sydney

NESTLÉ, the Swiss foods group, yesterday said that changes in its statutes and a capital increase, both approved at the annual meeting on Thursday, have been blocked because of action taken by dissenting shareholders.

Sharp drop in steel unit losses helps boost IRI

By Alan Friedman in Rome

SHARPLY reduced losses from steel subsidiaries helped IRI, the Italian state holding group, to achieve a nearly sevenfold increase in 1988 group net profit to L1,200bn (\$831m), compared with L175.4bn a year earlier.

At the group operating level IRI's gross profit was L12,860bn, a 23.3 per cent increase. The Rome-based group, which employs a workforce of 417,800 in businesses ranging from the Alitalia state airline to a chain of motorway restaurants, said that in 1988 it was able to finance 78 per cent of total investments of L10,558bn out of cash flow.

Disney prepares for funding ride

By Alan Friedman in Rome

The \$1bn autumn offering of shares which will bring Walt Disney to Europe, ahead of the opening in 1992 of a new theme park outside Paris, will be managed by seven financial institutions, it was announced in Orlando, Florida yesterday.

Disney prepares for funding ride

Clare Pearson reports on a ground-breaking \$1bn share offering

The \$1bn autumn offering of shares which will bring Walt Disney to Europe, ahead of the opening in 1992 of a new theme park outside Paris, will be managed by seven financial institutions, it was announced in Orlando, Florida yesterday.

Potential investors who are expected to help fund the offer will include the French Government, which will own 17 per cent of the vehicle, with the balance made up of fixed-term quasi-equity held by French institutions, for which it is tax efficient.

Provisional liquidator for Hartogen resource group

By Chris Sherwell in Sydney

ANOTHER of Australia's entrepreneurs has succumbed to chronic over-reach with a move to appoint a provisional liquidator for the Hartogen resources group, headed by Mr Pat Burke.



Details of the offer, for shares in the operating company Euro Disney SCA, remain sketchy but it is likely to involve a listing in London, Brussels and Paris and would probably use the UK mechanism of an offer for sale in that country.

De Crespigny launches Pan Ocean takeover bid

By Chris Sherwell

MR ROBERT Champion de Crespigny, the Australian mining entrepreneur, has moved a step closer to establishing a major gold empire with a bid for control of the 200,000-oz-per-year Mt Leyshon mine.

are no perks, such as free days, on offer. In essence what they will get will be an income stream from the park and the continuing benefits of the Disney brand name and management know-how.

Chicago

Table with market data for Chicago, including Soybeans, Maize, and Wheat prices.

Table with weekly price changes for various commodities like Gold, Silver, and Copper.

Table with spot markets data for Crude oil, Oil products, and Gas oil.

Table with coffee futures prices for various grades and origins.

Table with gas oil prices for different grades and origins.

Table with London metal exchange prices for various metals like Aluminum, Copper, and Zinc.

Table with soybean meal prices for different grades and origins.

Table with grain prices for Wheat, Corn, and Soybeans.

Table with London spot traded options for various commodities.

Table with US metals prices for Gold, Silver, and Platinum.

Table with New York soy prices for various grades and origins.

Table with London metal exchange traded options for various metals.

Table with indices for various market baskets and currencies.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Renewed demand boosts dollar

TWO ROUNDS of co-ordinated central bank intervention failed to stop the dollar rising over three pence from the day's low in currency markets yesterday. Nevertheless, it still finished down from the closing levels in London on Thursday.

sharp rise encouraged many investors to close out positions ahead of long weekend holidays in the US and UK. Sentiment was also affected by speculation that the West German discount rate may be increased at the meeting of the central council next week.

However, a break below key support at DM1.9650 brought about a change of heart as bargain hunters emerged to push the dollar firmer. Central banks then intervened in an attempt to drive the dollar lower, but only served to encourage further dollar purchases; a second round of intervention met with the same response, and the dollar finished in demand and close to the day's high at DM1.9800 compared with DM1.9650 on Thursday. Against the yen it closed at ¥141.40 from ¥141.86.

£ IN NEW YORK

Table with columns: May 26, May 27, Previous Close. Rows: 1 month, 3 months, 6 months, 12 months.

STERLING INDEX

Table with columns: May 26, May 27, Previous. Rows: 8.00, 9.00, 10.00, 11.00, 12.00, 13.00, 14.00, 15.00, 16.00, 17.00, 18.00, 19.00, 20.00.

CURRENCY RATES

Table with columns: May 26, May 27, Previous. Rows: Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa, Switzerland, Taiwan, Thailand, West Germany, USA, UK.

CURRENCY MOVEMENTS

Table with columns: May 26, May 27, Change. Rows: Sterling, US Dollar, Canadian Dollar, Australian Dollar, Hong Kong Dollar, Japanese Yen, New Zealand Dollar, Singapore Dollar, South African Rand, Swiss Franc, Taiwan Dollar, Thai Baht, West German Mark, US Dollar, UK Pound.

OTHER CURRENCIES

Table with columns: May 26, May 27, Change. Rows: Argentina, Brazil, Chile, Colombia, Costa Rica, Cuba, Czech Republic, Denmark, Ecuador, Finland, France, Greece, India, Indonesia, Italy, Korea, Kuwait, Laos, Malaysia, Mexico, Myanmar, Netherlands, Norway, Pakistan, Philippines, Poland, Portugal, Saudi Arabia, South Korea, Spain, Sri Lanka, Taiwan, Thailand, Turkey, USSR, Venezuela, Yugoslavia, Zaire.

FORWARD RATES AGAINST STERLING

Table with columns: US Dollar, 1 month, 3 months, 6 months, 12 months. Rows: US Dollar, 1 month, 3 months, 6 months, 12 months.

MONEY MARKETS

Nervous tone

UK INTEREST rates ended the week on a nervously subdued note in comparison to the sharp fluctuations seen earlier. Many traders feel that the rise in base rates to 14 per cent may be sufficient to reduce inflation and economic growth, but there are fears that a possible rise in interest rates elsewhere - notably Japan and West Germany - may put downward pressure on sterling and force a rise to 15 per cent.

FT LONDON INTERBANK FIXING

Table with columns: 1 month, 3 months, 6 months, 12 months. Rows: 1 month, 3 months, 6 months, 12 months.

MONEY RATES

Table with columns: May 26, May 27, Change. Rows: 1 month, 3 months, 6 months, 12 months.

LONDON MONEY RATES

Table with columns: May 26, May 27, Change. Rows: 1 month, 3 months, 6 months, 12 months.

LIFFE LIENS ONLY FUTURES OPENING

Table with columns: Price, Change, High, Low. Rows: 1 month, 3 months, 6 months, 12 months.

LIFFE US TREASURY BOND FUTURES OPENING

Table with columns: Price, Change, High, Low. Rows: 1 month, 3 months, 6 months, 12 months.

LIFFE BOND FUTURES OPENING

Table with columns: Price, Change, High, Low. Rows: 1 month, 3 months, 6 months, 12 months.

LIFFE EUROSTOCK FUTURES OPENING

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LONDON RECENT ISSUES

EQUITIES

Table with columns: Issue, Price, Change, High, Low. Rows: 1 month, 3 months, 6 months, 12 months.

FIXED INTEREST STOCKS

Table with columns: Issue, Price, Change, High, Low. Rows: 1 month, 3 months, 6 months, 12 months.

RIGHTS OFFERS

Table with columns: Issue, Price, Change, High, Low. Rows: 1 month, 3 months, 6 months, 12 months.

TRADITIONAL OPTIONS

Table with columns: Issue, Price, Change, High, Low. Rows: 1 month, 3 months, 6 months, 12 months.

ARCHITECTURE

The Financial Times proposes to publish this survey on: 20th July 1989

CHICAGO

Table with columns: Price, Change, High, Low. Rows: 1 month, 3 months, 6 months, 12 months.

JAPANESE YEN

Table with columns: Price, Change, High, Low. Rows: 1 month, 3 months, 6 months, 12 months.

DEUTSCHE MARK

Table with columns: Price, Change, High, Low. Rows: 1 month, 3 months, 6 months, 12 months.

THREE-MONTH EUROSTOCK

Table with columns: Price, Change, High, Low. Rows: 1 month, 3 months, 6 months, 12 months.

STANDARD & POORS 500 INDEX

Table with columns: Price, Change, High, Low. Rows: 1 month, 3 months, 6 months, 12 months.

FT-SE 100 INDEX

Table with columns: Price, Change, High, Low. Rows: 1 month, 3 months, 6 months, 12 months.

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FT GUIDE TO WORLD CURRENCIES

Every Tuesday in the FT

LONDON TRADED OPTIONS

Table with columns: Issue, Price, Change, High, Low. Rows: 1 month, 3 months, 6 months, 12 months.

FINANCIAL TIMES BUSINESS INFORMATION

Investing For Beginners by Daniel O'Shea

WORLD STOCK MARKETS

NEW YORK 3pm

Table of New York stock market data including various company names and their stock prices.

INDICES

Table showing various stock indices such as Dow Jones, S&P 500, and others with their respective values and changes.

NEW YORK ACTIVE STOCKS

Table listing active stocks in the New York market, including company names, prices, and volume.

CANADA 3pm

Table of Canadian stock market data including various company names and their stock prices.

EUROPE

Table of European stock market data including various company names and their stock prices.

ASIA

Table of Asian stock market data including various company names and their stock prices.

AUSTRALIA

Table of Australian stock market data including various company names and their stock prices.

AFRICA

Table of African stock market data including various company names and their stock prices.

AMERICA

Table of American stock market data including various company names and their stock prices.

Table of New York active stocks, including company names, prices, and volume.

Table of Canadian active stocks, including company names, prices, and volume.

Table of European active stocks, including company names, prices, and volume.

Table of Asian active stocks, including company names, prices, and volume.

Table of Australian active stocks, including company names, prices, and volume.

Base values of all indices are 100 except NYSE Composite and Dow Jones - 1928, S&P 500 - 1926, and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. Excluding bonds and interest-free US Treasuries, Financials and Transportation, and Closed to Unavailable.

WORLD STOCK MARKETS

Paris shakes off the world's preoccupations and scales all-time peaks

AFTER REACHING a new high point in April, the Paris stock market spent the next few weeks sitting tight. This week, however, the bourse changed gear, and managed yesterday to break through the 4700 level on the CAC General Index reached on April 24.

"The market marked time above the 480 level and strengthened its technical position, allowing the 200 day moving average to catch up," commented Ms Susanna Hardy of brokers DLP James Capel in Paris. "Then at the beginning of this week we started to ignore what the rest of the world was doing on interest rates, which had been the big excuse for stalling."

Dealers' eyes had been focused on the prospect of a rise in interest rates since the increase in the main rates of West Germany's Bundesbank on April 20. Last week, equity buying picked up, regardless of the dollar's climb, the rise in UK interest rates and the threat that French rates might also have to rise. It then accelerated on Thursday and Friday.

day, as the dollar resumed its fall.

"We have been waiting for an interest rate rise for so long now that, if it came, I don't think anyone would blink," said one Paris broker.

Helping to trigger the revival was the renewed speculation over corporate activity.

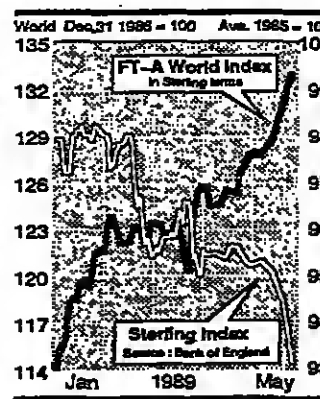
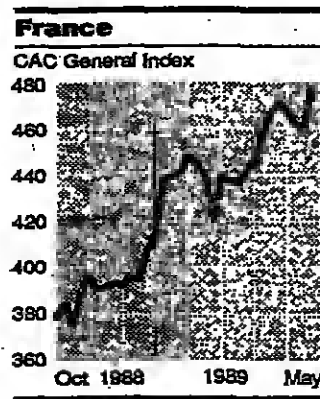
Would Havas buy either the shares held by Compagnie Générale d'Electricité (CGE) or CO's stake in publisher Groupe de la Presse? The rumour was promptly denied by both Havas and CGE.

Could the battle for control of LVMH, the drinks and luxury goods group, rebound again? Judgment remained suspended in the law courts.

Did Club Méditerranée plan to bid for Charjeurs, in order to pick up its own airline - UTA? Time will tell.

Buying extended also to French blue chips. Air Liquide, the industrial gases group which forecast this week a 15 per cent rise in profits in 1989, was heavily bought throughout the week. This was partly because

The flurry of renewed corporate speculation has triggered the market's advance, writes George Graham



PARIS EQUITY MARKET STATISTICS

	1984	1985	1986	1987	1988
Turnover FF/bn	89.0	152.1	384.4	622.1	412.7
Mkt cap FF/bn	433.8	649.5	1104.2	929.2	1483.7
Mkt cap/GDP %	9.9	13.6	21.9	17.6	26.2

have brought a number of encouraging announcements on activity in the first quarter. French companies have traditionally reported only turnover on a quarterly basis, but this year a few have also given some information on results.

The encouragement has been confirmed on a macro-economic level by provisional growth figures from Insee, the national statistical institute. Insee reported on Friday that gross domestic product grew by 1.2 per cent in the first quarter, compared with 0.6 per cent in the fourth quarter of 1988, maintaining the strong growth levels of last year.

Even more encouraging, Insee said much of the first quarter growth stemmed from a 5.9 per cent increase in exports, offset by an increase of only 1.6 per cent in imports. February and March foreign trade figures have shown a

sharp reduction in France's deficit, and dealers are closely watching the announcement of April's figures, at 8.30 on Wednesday morning.

Helping the market along is a strong surge in liquidity. Along with a renewal in mutual fund investment - international diversified funds saw net subscriptions of FF8.5bn last month, mostly in the equity sector, a strong gain from the first quarter - the bourse has seen cash flowing back from markedly higher dividend payments this year.

Paris stockbrokers estimate that dividend payments this year could total FF33bn, or 60 per cent from the cash received in 1988, and a large portion of this is due to be paid out during the current stock exchange account period.

"Settlement day for this account is June 30, the number one dividend payment day.

Since the next day is a Saturday, dividends due on July 1 will probably also be paid the same day," explains Mr John Fordyce, of brokers Ferri International.

In fact, most of the bad news comes not from the market but from the stock exchange itself, which earlier this month posted a FF850.8m loss on the nine months to December. The exchange expects to balance its operating results this year, following changes in its fee structure, and will also have the proceeds of a number of property sales recently carried out.

All the same, the losses wipe out a large chunk of the fresh capital the exchange had to raise last year after the discovery of its futures trading losses.

The FF246m increase in provisions against the risk of future losses by member firms is also not particularly comforting for the Paris broking community, which faces the likelihood of a war on institutional commission levels once the official fixed tariff goes into July.

AMERICA

Dow edges up on dollar's rebound

Wall Street

A SMART rebound in the dollar, despite at least two waves of co-ordinated central bank intervention, helped equities to a modest gain yesterday, writes Janet Bush in New York.

Trading was quiet ahead of the long Memorial Day weekend and at 2pm the Dow Jones Industrial Average was quoted 3,489.75, up 12.25 from 3,477.50 on the volume of 87m shares.

US Treasury bonds were given a significant lift by the dollar and were quoted as much as 1/8 points higher at midsession. The yield on the Treasury's benchmark long bond fell to 8.62 per cent.

The dollar had started significantly weaker as news reports from Japan hinted strongly that the Japanese discount rate

would be raised 1/2 points to 3.25 per cent, from next Wednesday.

The US currency hit lows of 113.90 and DM1.64 but then rebounded strongly despite confirmed, co-ordinated intervention by several central banks, including the US Federal Reserve and the Bundesbank, seen for the first time since May 12. At midsession, it was quoted at ¥141.35 and DM1.6590.

The gains in both stock and bond markets came despite a strong set of personal income and expenditure figures. While the 0.4 per cent gain in personal income was somewhat below expectations, the 1.1 per cent rise in expenditures was well above forecasts.

There was nothing in the figures to suggest that there is any more justification for the

Fed to ease monetary policy but the strong dollar overrode interest rate considerations.

At midsession the Dow stood only a few points away from the 3,500 level.

Among featured issues yesterday was Digital Equipment which dropped 1 1/4 to \$91 after an analyst at broker Alex Brown issued a sell recommendation.

General Electric jumped 1 1/4 to \$53 1/4 ahead of the expected announcement on Tuesday of a major contract with American Telephone & Telegraph, British Telecom and France Telecom to build a huge global telephone network.

Sea Containers surged \$9 to \$57 after Tiphook Plc and Stena AB said they were launching a \$50 a share cash tender offer for the company in the US.

Olin Corp added 1 1/4 to \$52 1/4 after the company announced various measures to enhance 1989 earnings, including a buy-back of common stock and some divestitures which would raise \$100m to reduce debt.

Bell Atlantic gained \$1 to \$67 1/4 after the board approved the creation of a leveraged employee stock ownership plan that may buy up to \$1bn of the company's common shares.

Canada

THE TORONTO stock market was up on moderate volume at midsession, reacting to a stronger US dollar and continued confidence in the gold market.

The Toronto composite index rose 13.6 to 3681.30, with advances leading declines 250 to 202 on a volume of 12.1m.

ASIA PACIFIC

Nikkei hits new high on low volume

Tokyo

THE REBOUND of the yen against the dollar helped share prices surge to a record high yesterday but volume remained low, writes Michiko Nakamoto in Tokyo.

The Nikkei average had a firm start and closed 186.23 points up at a record 34,191.62 - a rise of 0.5 per cent on the week. The day's low was 33,023.93.

Advances outnumbered declines by 579 to 333 while 166 issues were unchanged. Turnover, nevertheless, remained at a low 729.5m shares, barely more than the 714.44m traded on Thursday.

The Topix index of all listed shares gained 11.66 to 2,531.16 and the ISE/Nikkei 50 index edged up 0.57 to 2,021.67.

A large number of companies reported higher-than-expected profits, reminding investors of the strong fundamentals supporting the economy.

Analysts said that investors were beginning to discount a

possible rise in the discount rate.

A report by one of Japan's leading newspapers said that the Bank of Japan had decided to raise the official discount rate by 0.75 percentage points - a figure that the market had perhaps not taken into account but was likely to accept as effective in stemming the dollar's rise.

Construction companies gained popularity on the strength of their higher-than-expected profits.

Toda Construction rose ¥150 to ¥1,880 as investors favoured its high profits and its low price/earnings ratio of 47. Toda was the third most active issue with a total of 19.9m shares traded.

Large-volume shipbuilders were actively sought on the strength of the recovery in their business and because they are involved in the promising aerospace market.

Kawasaki Heavy Industries, the top volume issue with 45.9m shares, added ¥20 to ¥1,170. Fuji Heavy Industries advanced ¥20 to ¥1,050.

Interest in Osaka returned to domestic demand-related issues and the OSE average advanced 44.14 to 33,014.74.

Roundup

ASIA PACIFIC markets ended mixed, with Australia continuing its fall while Hong Kong and Singapore recovered some lost ground.

HONG KONG ended a traumatic week with a small increase, although the advance of 13.16 points in the Hang Seng index to 2,765.67 left share prices 12.1 per cent lower on the week, writes Michael Murray in Hong Kong.

The index fluctuated yesterday in an 80-point range, relatively stable by the standards of a week when swings of 250 points or more were seen on three days.

Turnover remained heavy at HK\$2.52bn, down from HK\$3.44bn on Thursday. Mr Nick Peacock, director of research at Citicorp Scrimgeour Vickers, said that whatever the outcome of the power struggle in China he expected

volatility to continue for some time. He added: "We still expect to see profit-taking into strength over the next few weeks."

AUSTRALIA was huffed by news of higher interest rates, following Thursday's national accounts figures, and share prices dropped.

Blue chips led the way down. The All Ordinaries index fell 13.3 to 1,530.8 for a two-day loss of 2.5 per cent and turnover reached 120.3m shares, worth A\$27m.

The All Ordinaries index suffered a drop of 2 per cent over the week.

SINGAPORE saw the return of bargain hunters after Thursday's sell-off, with buying encouraged by gains in Hong Kong. The Straits Times Industrial index added 11.86 to 1,389.53, for a week's loss of 3.1 per cent.

EUROPE

Confidence helps bourses advance

OPTIMISM characterized the end of the week in Europe, with Paris reaching an all-time high, writes Our Markets Staff.

PARIS had another good day, though less exciting than on Thursday, as some investors chose to take profits before the weekend.

Turnover was expected to be lower than Thursday's strong FF3.4bn.

The CAC General Index jumped to a new high of 4785, up 8.1, while the real-time CAC 40 index added 4.77 to 1,720.92 for a gain on the week of 2.7 per cent. The OMF 50 index meanwhile rose 2.94 to 494.12.

Yesterday's gains were more scattered than the previous day but sentiment remained positive. One analyst said: "There is quite a confident feeling."

Synthelabo, the pharmaceuticals company, soared FF746, or 10.5 per cent, to FF746 in good volume. Jean Lefebvre, the road builder, rose 5.4 per cent up FF768 to FF1,394 and Raffaele, the oil refiner, jumped FF7.50, or 5.5 per cent, to 137.50.

Pernod, the drinks group, climbed FF34 to FF1,285 after coming to a preliminary agreement with Coca-Cola on distribution of the US company's soft drinks in France.

FRANKFURT returned from its day's holiday with a mildly

optimistic session amid confidence about inflation and the dollar, which went into decline after its recent climb. The DAX index gained 1.95 to 1,375.94, and the FAZ rose 1.94 to 575.36. The DAX advanced 1.9 per cent during the week as a whole, while the FAZ moved 1.2 per cent higher.

One analyst said foreign interest in West German shares had been reduced yesterday because of the forthcoming long weekend in the US and the UK. Turnover was DM4.86bn worth of shares.

Profit-taking hit Porsche after its recent surge on the back of the strong dollar, which had improved the company's export prospects. It fell DM32, or 4 per cent, to DM746. Daimler lost DM10 to DM665.

Construction stocks performed well, with Hochtief adding DM12 to DM81.

MILAN broke out of its run of losses in volume estimated to be similar to the previous day's. One analyst said the rise and the market's speculation about Fiat, encouraging results from Wednesday's treasury bill auction and the fact that the market had been oversold.

There is still uncertainty, however, since the fall of the Government. "During this political hiatus, it is difficult to see the market moving further forward," the analyst said.

The Comit index picked up 3.26 to 936.40 - 2 points higher than at the same time a week earlier.

Fiat gained 1.30 to L1,140, rising after-hours to L1,225. It was lifted by talk that the car maker was considering recommending a share buyback on Tuesday and by news of the EEC Commission's ruling on Fiat's 1986 takeover of Alfa Romeo.

MADRID gained ground after Thursday's holiday, but volumes were restricted by the fact that some players were taking an extended holiday. The general index rose 1.07 to 330.2 for a week's rise of 1.3 per cent.

Banks were in the limelight, having lagged the market in recent months, with Hispano gaining 22 points to \$25 of par and Popular rising 25 to L587.

AMSTERDAM closed mixed after a quiet session, as Wall Street's firmer opening balanced interest rate fears. The CBS tendency index was unchanged at 173.00 - a rise of 0.9 per cent over the previous week.

Nedlloyd, the shipping concern, continued to perform well, rising Ft 5.50 to Ft 428.

Unilever eased 20 cents to Ft 138.10. The blue chip company said its US arm, Thomas J. Lipton, had reached agreement over the purchase of Gold

Bond Ice Cream, a US ice-cream maker.

Walters Kluwer, the publisher, lost Ft 1 to Ft 175 after news that it had acquired Hutchinson Education, a UK educational publisher.

Macintosh, the textile company, rose 20 cents to Ft 48 after saying it expected better results in 1989 after last year's 62.5 per cent fall in net profits.

STOCKHOLM picked up after early losses and the ADARsvärlden General Index closed at an all-time high of 1,177.4, a rise of 1.7 on the day and 1 per cent on the week.

Saab-Scania rose following news earlier this week that the company had won a large aircraft order from American Airlines. Its heavily traded restricted A shares rose SKr5 to SKr268 while its free B shares climbed SKr5 to SKr264.

BEUSSELS saw a strong advance by steel and chemical stocks lead the Belgian market to a record finish. The cash market index closed 25.93 points up at 6,118.92, 0.6 per cent up for the week.

Cockerill ended BF24 higher at BF360, a rise of 7.1 per cent, as 84,000 shares changed hands. Arbed put on BF160 to BF5,800.

ZURICH lost ground again, with the Credit Suisse index falling 3.1 to 530.5 for a loss on the week of 1.5 per cent.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MAY 25 1989				WEDNESDAY MAY 24 1989				DOLLAR INDEX			
	US Index	Day's Change %	Found	Local	US Index	Day's Change %	Found	Local	1989 High	1989 Low		
Australia (80)	133.95	+0.1	126.70	117.47	-1.9	4.84	134.54	127.17	119.73	157.12	128.28	136.10
Austria (19)	115.11	+0.1	108.01	120.17	+0.0	2.15	115.01	108.71	120.17	124.16	92.84	87.89
Belgium (65)	128.16	+1.4	120.28	132.27	+0.8	4.19	128.33	118.41	131.47	137.10	128.33	120.88
Canada (125)	135.82	+1.2	127.51	118.93	+0.2	1.58	135.85	125.58	118.62	138.05	124.67	118.01
Denmark (20)	170.50	+0.9	159.99	180.24	+0.0	1.87	168.96	159.71	180.17	181.03	165.35	127.48
Finland (26)	141.84	+0.4	133.09	132.34	-0.4	1.58	141.31	138.67	132.83	139.16	125.81	133.20
France (128)	118.20	+2.5	108.04	123.26	+0.0	1.05	118.33	107.12	121.20	122.78	112.57	92.28
West Germany (100)	81.24	+1.1	143.36	157.46	+0.2	2.24	80.54	78.12	84.26	90.40	78.56	114.38
Hong Kong (47)	115.70	-3.3	108.57	115.89	-3.3	4.67	127.52	120.54	127.43	140.33	111.80	100.13
Ireland (17)	137.47	+0.8	128.99	144.49	+0.1	2.91	136.39	128.91	144.49	151.38	125.00	129.19
Italy (95)	75.42	+0.2	70.13	61.42	+0.2	2.25	74.97	70.86	61.28	69.86	74.97	69.87
Japan (25)	179.94	+1.0	168.47	181.10	+0.4	0.47	177.72	167.96	180.47	200.11	177.72	170.59
Malaysia (35)	174.94	-2.2	164.16	181.58	-2.2	2.82	178.94	169.05	185.68	184.26	143.35	134.81
Mexico (13)	220.49	+0.6	201.99	209.65	+0.6	0.67	219.8	207.56	209.62	220.49	193.32	151.15
Netherlands (42)	114.49	+1.8	107.24	117.24	+0.9	4.39	112.24	106.09	115.16	122.22	110.83	103.08
New Zealand (24)	67.00	-1.0	62.87	59.81	-1.4	8.16	67.86	63.96	60.49	76.02	66.84	60.91
Norway (26)	180.31	+1.0	169.19	175.50	+0.3	1.51	178.50	168.72	175.35	189.39	159.92	117.81
Singapore (26)	164.88	+1.3	148.33	158.63	+1.3	1.84	163.83	148.29	141.34	163.83	124.57	111.31
South Africa (50)	129.47	-0.6	121.49	115.67	+0.7	4.45	130.21	123.08	117.86	144.88	115.35	130.52
Spain (43)	148.67	+0.9	139.81	140.28	+0.0	3.57	147.37	139.30	140.28	155.17	143.14	149.92
Sweden (35)	135.42	+1.1	143.56	157.46	+0.4	2.19	136.63	149.05	158.57	182.00	138.45	124.42
Switzerland (57)	88.87	+1.6	64.88	74.88	-0.1	2.48	67.81	64.10	75.08	79.78	67.81	78.03
UK (314)	140.14	+1.0	131.50	131.50	+0.2	4.37	138.83	131.22	131.22	133.33	134.55	138.35
USA (538)	130.14	+0.0	122.97	133.14	+0.0	3.44	130.10	122.97	133.14	131.21	112.13	105.82
Europe (1006)	134.00	+1.2	108.67	113.13	+0.4	3.80	112.65	108.48	112.74	121.70	112.65	107.54
North America (229)	150.26	+1.0	141.08	145.09	+0.2	1.96	148.91	140.75	146.23	155.81	137.95	118.48
Pacific Basin (678)	175.18	+0.8	164.39	157.48	+0.1	0.70	173.87	164.34	157.28	194.72	157.27	156.57
Euro-Pacific (1894)	150.78	+0.9	141.44	138.78	+0.5	1.58	148.40	141.21	139.32	164.22	149.40	142.69
North America (229)	138.35	+0.3	129.23	132.42	+0.0	3.63	138.99	129.23	129.23	139.50	131.50	124.47
Europe Ex. UK (662)	87.71	+1.4	91.09	101.76	+0.5	2.97	86.38	91.10	101.29	105.29	96.30	88.18
Pacific Ex. Japan (223)	123.02	-3.8	115.44	111.85	-4.3	4.57	127.57	120.59	117.01	137.69	123.02	118.99
World Ex. US (1882)	150.04	+0.6	140.79	139.63	+0.2	1.67	146.60	140.63	138.76	152.77	148.80	141.84
World Ex. UK (2128)	142.12	+0.6	138.36	138.49	+0.1	2.05	141.37	133.62	138.26	148.04	138.06	128.09
World Ex. So. Af. (2380)	142.00	+0.6	138.25	136.09	+0.1	2.94	141.19	133.46	135.50	145.55	138.92	127.15
World Ex. Japan (1985)	124.08	+0.2	116.41	123.04	+0.0	2.54	125.76	119.98	123.09	128.02	114.51	105.50
The World Index (2440)	141.53	+0.6	133.18	135.97	+0.1	2.25	141.12	133.39	135.78	146.51	138.83	127.17

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Power

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services. Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talliesman system. They are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant dates.

Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. † Bargains done the previous day.

Corporation and Company Stocks

Grain Processing PLC 10.75% Cum Dividend... Birmingham Corp 5% Cum Dividend... British Telecom PLC 10% Cum Dividend...

UK Public Bonds

Agri Horticulture Corp PLC 5% Deb... 10% Deb... 15% Deb...

Foreign Stocks, Bonds, etc

Abey National Building Soc 10% Deb... 15% Deb...

Law Services PLC 10.75% Cum Dividend... 10% Deb... 15% Deb...

Breweries and Distilleries

Alfred-Lyons PLC 5% Cum Dividend... 10% Deb... 15% Deb...

Financial Trusts, Land, etc

Trustee Services PLC 10.75% Cum Dividend... 10% Deb... 15% Deb...

Mines - Miscellaneous

Unimined Minerals PLC 10% Cum Dividend... 10% Deb... 15% Deb...

Mines - South African

De Beers Group PLC 10% Cum Dividend... 10% Deb... 15% Deb...

Oil

British Petroleum PLC 10% Cum Dividend... 10% Deb... 15% Deb...

Property

British Land PLC 10% Cum Dividend... 10% Deb... 15% Deb...

The Third Market Appendix

Bechtel Group PLC 10% Cum Dividend... 10% Deb... 15% Deb...

Rule 55(2)

Anglo-Continental PLC 10% Cum Dividend... 10% Deb... 15% Deb...

Plantations

Anglo-Siam PLC 10% Cum Dividend... 10% Deb... 15% Deb...

Olden Convertible Trust PLC 10.75% Cum Dividend... 10% Deb... 15% Deb...

Water Works

Bournemouth & Dorset Water Co... 10% Deb... 15% Deb...

UK Trusts

M&G American Smelter Co's Fund... 10% Deb... 15% Deb...

Mines - Miscellaneous

Unimined Minerals PLC 10% Cum Dividend... 10% Deb... 15% Deb...

Mines - South African

De Beers Group PLC 10% Cum Dividend... 10% Deb... 15% Deb...

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Plantations

Anglo-Siam PLC 10% Cum Dividend... 10% Deb... 15% Deb...

Carron PLC 10% Cum Dividend... 10% Deb... 15% Deb...

Water Works

Bournemouth & Dorset Water Co... 10% Deb... 15% Deb...

UK Trusts

M&G American Smelter Co's Fund... 10% Deb... 15% Deb...

Mines - Miscellaneous

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IRELAND

The Financial Times proposes to publish a Survey on the above on

JULY 11th 1989

For a full editorial synopsis and advertisement details, please contact:

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The Financial Times proposes to publish a Survey on the above on

JULY 11th 1989

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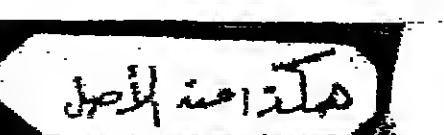
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FINANCIAL TIMES

LONDON'S BUSINESS NEWSPAPER



LONDON STOCK EXCHANGE

Equities firmer in cautious trading

NEW UNCERTAINTIES over the US dollar and the outlook for Japanese interest rates helped to check a promising rally in the UK stock market yesterday as the first leg of the trading Account drew to its close. However, with both British and US markets moving into three-day weekend break, equity business began to fade away well before the end of the London trading session.

Business in the pound was seen as a bulwark against any further rise in base rates at present and, therefore, a positive factor for equities. The market's gradual recovery of nerve as it absorbed this week's rise in UK base rates to

However, the advance in the equity market, which had put nine points on the FT-SE Index by early afternoon, was restrained by fresh anxieties over global interest rates as central banks again struggled to hold the dollar down. Hints that the Japanese authorities might announce the widely-predicted increase in their discount rate early next week, as the UK and US financial communities return from their extended weekend, nudged the equity market by way of the currency dealing offices.

The stock market lost impetus in the second half of the session yesterday, and share gains were steadily whittled away. By the close, the gain in the FT-SE Index had been trimmed to 8.7 for a final reading of 2,140.3. The first week of the account has seen the Footsie Index fall by 64.4 points, or 2.9 per cent as weakness in starting set the stage for the once-predicted increase in UK base rates. Yesterday's loss left the equity market near the levels of May 18, just before London's equity sector began its response to the improved Swiss Bank Stock Index.

While the hike in domestic base rates shook market confidence in the near term outlook, equity strategists have remained relatively optimistic for the longer view. Warburg Securities, having correctly warned that base rates would move up to 14 per cent, said yesterday that this rate "is likely to move the top of the 1988/89 monetary tightening", however, the Warburg team added that nobody could be wholly confident of this for a few months yet, and certainly no reduction is in sight for some time. Turnover in equities was unexciting yesterday, with Seag volume at 453.1m shares against Thursday's 482.8m. But in money terms, turnover has been good this week, running at a daily average of around £1.5m.

FINANCIAL TIMES STOCK INDICES

Table with columns: Index Name, May 26, May 25, May 24, May 23, May 22, May 21, May 20, High, Low, Since Completion, Low. Rows include Government Secs, Fixed Interest, Ordinary, Gold Mines, Div. Yield, P/E Ratio, SEAG, Equity Turnover, Equity Bargains, Shares Traded, Ordinary Share Index, Hourly changes.

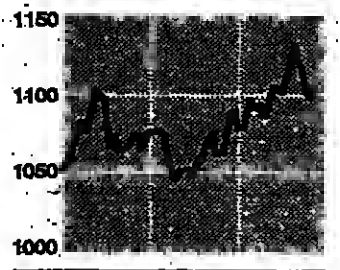
Table with columns: Index Name, May 25, May 24, May 23, May 22, May 21, May 20. Rows include S.E. Activity Indices, Gilt Edged Bargains, Equity Bargains, Equity Value, 5-Day average, Gilt Edged Bargains, Equity Bargains, Equity Value, London Report and Share Index.

Heavy activity in Jaguar

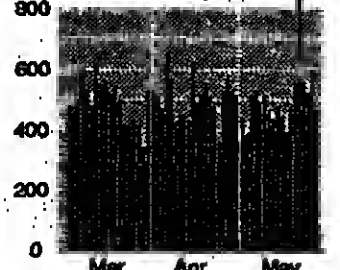
Stories that Ford, the US motor group, might be building a stake in Jaguar resurfaced in the London market yesterday. Mr Donald Peterson, Ford's chairman, was quoted as saying "Jaguar fits our standards. I admire Jaguar's renaissance, especially in terms of quality... and they represent a business where we don't presently play". Trading volume in Jaguar - and the price - took off. More than 5m shares changed hands in an hour as the stock jumped to around 360p before staging a small collapse, amid persistent backwaters, and rallying once again to close at 357 1/2, a net improvement of 31%. Volume was 9.4m shares and registered the highest turnover on the traded options market. Dealers said that the rise was exacerbated by a shortage of stock.

Both companies involved played down the speculation. Ford said: "Mr Peterson said nice things about Jaguar, but did not say Ford was interested in acquiring the company." Jaguar said that the question of the company's future had come up in talks with "just about every major car maker in the world. We have always made it clear that we want to remain an independent company." Jaguar is protected from takeover by the UK Government's "golden share" which effectively limits individual holdings in the company to a maximum of 15 per cent. The share expired tentatively early in 1990. One dealer, however, drew a parallel with Bittell, whose golden share proved no obstacle to the group's acquisition by BP.

FT-A All-Share Index



Equity Shares Traded



possible bidders for the Ward White subsidiary Payless - which could complement RMC's Great Mills subsidiary according to some of the Ward White optimists. RMC shares ran in the early afternoon, off at 78 1/2p with Flemings, the brokers, said to have been persistent sellers of the stock. Terence, dipped off to 38 1/2p but later rallied to close 4 ahead at 38 1/2p after another profits downgrading, this time from Swiss Bank Stock Index which was said to have moved down to a figure of 430m for the group; C.L. Alexander's Laid & Cruller's recently downgraded its forecast to 243m.

Further consideration of reports that it could make £300m from developing sites in north London. A £235m rights issue knocked 19 off Pipstock which closed at 45 1/2p while Neal Industries fell on another 10 to 21 1/2p on hopes of an asset injection after a 27 per cent stake change on Thursday. Interim profits at Klenz-Bz crumbled, pulling down the shares by 70 to 17 1/2p. The price at the start of the week was 30 1/2p.

The heavy turnover in British Gas which built up on Thursday continued yesterday as the shares slipped back to 17 1/2p. Turnover increased from Thursday's 11m to 19m. Dealers and analysts brushed off the switching of profits downgrading and recommendations to switch out of Gas stock into Shell. "There has certainly been one big seller about and perhaps the selling has triggered others to lighten holdings but as far as we are concerned there is nothing sinister to it." The researcher continued, "it looks as if there has been some sort of switching in the market, with institutions using the liquidity in British Gas shares to take a higher position in the UK and possibly switch to other European markets. The switching regarding Shell was dismissed as wide of the mark, with Shell up 2 more to 40 1/2p on 41m - "good value" said dealers. BP were active - 6.2m traded - and the shares ended a fraction ahead at 28 1/2p. Lasmo jumped 3 more to 46 1/2p, after 48 1/2p, with turnover improving to 4.4m shares after the latest bullish news from the Spanish oil group, for £13.5m, was given a good reception in the market - "they certainly got that away for a good price and it now

removes a cloud from the shares," said a sector analyst. Kelt shares edged up to 52p before reverting to close unchanged at 60p. Recent bearish comments on Fisons, the pharmaceuticals group, were counterbalanced yesterday by positive words on the group from Hoare Govett, the UK securities firm. It argued that Intal, the company's highly successful anti-asthma drug, "should continue to grow for several years." It described concern over the generic and competitive position of the drug as "both misplaced and misleading," adding that patent protection "has been underestimated." However the price lost its entire gain of 7 in the afternoon as a suggestion swept the market that a rival company, Lymphomed, had secured final approval for the sale of the drug Pentamidine in the US. After the market closed, Lymphomed denied the story to broker Citicorp. "They hope to have the approval in four to six weeks time," said Mr John Aldersley at Citicorp. "It wouldn't affect Fisons' profits anyway," he said, "just sentiment." Fisons closed a penny better on the day at 301p on a turnover of 2.7m shares. KCI slipped 12 to 126 1/2p as the dollar fell back and profit takers moved in. Among property stocks it was Imry Merchant's turn to draw strength from hopes that it would be involved in British Aerospace's development of its Royal Ordnance factories. Imry closed 18 firmer at 47 1/2p. Earlier in the week Arlington had benefited, but with speculation of its attention to another developer, Arlington eased to 23 1/2p. Other market statistics, including the FT-Accurities Share Index, Page 9.

TRADING VOLUME IN MAJOR STOCKS

Table with columns: Stock Name, Volume, Change, % Change, Bid, Offer, Bid, Offer, Bid, Offer. Rows include Astra, BHP, British Gas, British Telecom, etc.

Ward White race

Intense bid speculation once again sent Ward White, the retail and diy group, racing ahead in hectic trading. By the close the shares had gained 21 at 35 1/2p on heavy turnover, at one stage the price had reached 38 1/2p. On Thursday dealers had been talking of a dawn raid and a joint bid from Kingfisher, Boots and Thorn EMI, yesterday, speculation had shifted to the possibility of an overseas, possibly US, leveraged buy-out. An opening offer of 35 1/2p-a-share was touted, and some dealers said that a buyer, probably RMC, had already been lined up for Payless, Ward White's diy chain; traders said that RMC's interest in Payless had been triggered

NEW HIGHS AND LOWS FOR 1989

Table with columns: Company Name, High, Low. Rows include British Petroleum, British Telecom, etc.

RISES AND FALLS

Table with columns: Category, Rises, Falls, Same. Rows include British Shares, Corporate, Financials, etc.

British Telecom due to announce preliminary figures on Thursday, came under increasing pressure, with sentiment again damaged by the bearish note from BZW, and closed 7 1/2 off at 260 1/2p, with the market said to be upset by worries over the threat of large wage claims. Sir Ron Brerley's vehicle ICP Securities bought a stake in Vickers similar to that which it sold on Wednesday, confirming a dealer's view that "Sir Ron is jobbing again." Vickers closed 4 better at 31 1/2p. Two purchases, worth more than £6m, by Bromsgrove boosted the shares 3 to 14 1/2p, while it climbed 10 to 28 1/2p after it announced the long-awaited sale of its Metro-Cammell unit to GEC. British Aerospace rose another 10 to 68 1/2, after 68 1/2p, on

LEADERS AND LAGGARDS

Table with columns: Sector, Percentage change since December 30 1988 based on Thursday May 25 1989. Rows include Agencies, Consumer Group, etc.

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Red Date, Price, Change, Yield, Week ago, Month ago. Rows include UK GILTS, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA.

COMMODITIES

WEEK IN THE MARKETS

The cocoa market springs to life

COCOA PRICES sprang to life this week as reports of a planned major purchase of Ivory Coast beans, after Ivory Coast, a potentially serious disease outbreak in Brazil and the strength of the US dollar combined to shake the market out of its recent torpor. The July position on the London futures market built on last week's tentative rally to register a 271 advance on the week to \$209 a tonne, having earlier touched an 8-week high of \$235 a tonne. The main factor encouraging this performance was the persistent rumour that Phillips Brothers, the New York trade house, was close to striking a deal to buy between 600,000 and 800,000 tonnes of Ivory Coast cocoa, with up to 500,000 tonnes coming from the current crop and the remainder from 1989-90 production. "The market's fear is of a squeeze on physical cocoa if something like 600,000 tonnes of cocoa is held by one pair of hands," one London trader explained. Against that background further upward pressure was provided by reports of lower than normal moisture levels in the Ivory Coast, which is the world's biggest producer of cocoa beans. Scattered showers were reported on Thursday,

however, and more rain was being forecast for yesterday and the weekend. Meanwhile in Brazil, the second biggest producing country, a possibly serious threat to cocoa production emerged in the form of the dreaded "witches broom" disease. Although the outbreak - in the Bahia region, which accounts for the bulk of Brazil's cocoa output - is small and isolated it is being treated extremely seriously by the Brazilian authorities. This first ever outbreak of the virulent fungal disease in Bahia is believed to have resulted from the illegal importation of cocoa trees from the Amazon region, where it is widespread. While cocoa traders enjoyed the sudden revitalisation of their market, their coffee-dealing counterparts watched their commodity slip back into the doldrums following its recent burst of activity. As fears of a squeeze on supplies of coffee available for delivery against the May futures contract faded the premium on that position against the July contract narrowed from up to \$300 a tonne - seen in recent weeks. Indeed the May price briefly moved to a discount against July before ending the week with a compar-

tively modest £11 premium at £1,213 a tonne, down £180 on the week. But although they said plenty of coffee had come forward onto May some traders still believed the prompt position could "flare up" again before its expiry next week. The July position, which had earlier been towed up by May's strength, ended the week £21 down at £1,203 a tonne. Sugar prices also drifted in featureless trading and the London daily raw price moved below \$300 a tonne for the first time in more than a month. The price regained \$1.70 yesterday to \$294.20 a tonne, but that was still \$22.40 down on the week. In its latest review of the sugar market, C. Czarnikow, the London trade house, said the world supply/demand balance appeared tighter than it had three months ago, with a 1m cut in the Indian crop estimate more than outweighing a reduced consumption forecast. In the absence of significant fundamental news metals traders' attention was focussed chiefly on the foreign exchange market. Among the precious metals the dollar's advance was reflected in falls on the week of \$2.25 for gold, to \$363.50 a troy ounce, and 9 cents for silver, to 925 cents an ounce. But platinum,

which had been following the same trend, bounced by \$9.50 yesterday to \$507.75 an ounce for a cash position of \$5.25. "Platinum's fundamentals have detached it from the gold trend," commented Ms Rhona O'Connell, analyst at Shearson Lehman Hutton. On the London Metal Exchange bids for the dollar-denominated zinc, aluminium and nickel markets were all at least partly due to the currency factor, though cash aluminium's \$155 decline was also influenced by the publication of International Primary Aluminium Institute figures showing a production increase of 200 tonnes a day in March. No such excuse was applicable to copper, however, which fell \$4.50 in the cash position to an 8 1/2-month low of £1,574 a tonne and in the process moved from a premium of 25 a tonne over the three months quotation to a discount of 25.50. Copper prices have been on the slide for some time, reflecting the easing of the stock shortage that drove them to all-time peaks last December, continued to ease. LME warehouse stocks actually fell by 3,826 tonnes last week, but at 131,425 tonnes they remained quite comfortable. Richard Mooney

APPOINTMENTS

Changes at Evode

Following the EVODE GROUP's acquisition of Charnock & Ripps, the following appointments have been made to the board for the combined group. Mr Andrew Simon continues as executive chairman. Mr David Winterbottom, Evode group managing director, becomes group chief executive. Mr David Charnock joins the board as managing director with overall responsibility for the special products division, and becomes non-executive deputy chairman of the combined group. Mr Colin Wymann is made director of corporate development. Joining Evode's board are: Mr Tony Palfreyman as managing director of the shoe components division; and Mr David Haleswood as managing director of Charnock division. Mr Nigel Crouch continues as managing director of the adhesives and sealants division. Mr David Vevers, group public affairs manager with the Prudential Corporation, is to join WOLFF OLINS as a client director and main board director, to manage corporate identity projects. Before joining the Prudential four years ago he was director of communications for J. Rothschild Holdings, and prior to that head of public relations at the Charterhouse Group. Mr Nigel Linacre has been appointed managing director of CHARLES BARKER ADVERTISING, which was born out of the advertising division of financial public relations company, Charles Barker City. He was previously a director at CDP Financial.



Mr J. Patrick Wenger (above) has been appointed sales director of ROYAL DOULTON. He was chief executive, external sales division. Mr Richard Hews has been promoted to the board of STREETS COMMUNICATIONS. He was an associate director, and specialises in financial and investor relations. Mr Robert Massam has been appointed managing director of NEWALL ELECTRONICS, Peterborough, a B. EIHott subsidiary. He was commercial director. Mr Neil Fawcett, group public affairs manager with the Prudential Corporation, is to join WOLFF OLINS as a client director and main board director, to manage corporate identity projects. Before joining the Prudential four years ago he was director of communications for J. Rothschild Holdings, and prior to that head of public relations at the Charterhouse Group. Mr Nigel Linacre has been appointed managing director of CHARLES BARKER ADVERTISING, which was born out of the advertising division of financial public relations company, Charles Barker City. He was previously a director at CDP Financial.

ASSOCIATES INVESTMENTS as financial controller (International) from Blakemores.

Mr R.A.G. Douglas Miller, chairman and managing director of Tenness (Princes Street, Edinburgh), has been appointed a director of The First Scottish American Trust and The Northern American Trust. LEEDS PERMANENT BUILDING SOCIETY has appointed Mr Bob Humphreys as general manager field operations; Mr Norman Turner, as head of housing services; Mr Geoff Mills as insurance services manager; and Mr David Andrew as head of savings and investment. Mr Nigel Singer has been appointed corporate controller of EMESS. He was finance director, and remains a non-executive director, of JSB Electrical. LESSER DESIGN & BUILD has appointed Mr John Heggadon as sales and marketing director. He was national sales director, Conder Projects. BIMEC INDUSTRIES has appointed Mr John M. Pinckard as a non-executive director. He is a non-executive director of Avon Rubber, and was chief executive of F.H. Lloyd Holdings. Mr Stanley Carpenter has retired and Mr Teddy Clarke has left the board. BRITISH AEROSPACE has appointed Mr Richard Smith as director-financial controller and accounting from June 1. He is financial director of British Aerospace (Military Aircraft). Mr Alastair H. Harper, financial director, has been

promoted to managing director of HIGHLAND FOREST PRODUCTS, Inverness, a subsidiary of Noranda Panelboard Inc, Canada.

Mr Katsumi Kawashima, former chief executive of Sanwa International, the group's London-based securities arm, has been appointed general manager of the London branch of THE SANWA BANK, and chief representative of the Manchester office. He succeeds Mr Kenji Tanimoto who is returning to Tokyo. Mr Kawashima is succeeded at Sanwa International by Mr Shuzo Arai who was general manager of the Brussels branch.

Mr Christopher J. Briggs has been appointed financial director of HANDY TOOL HIRE (EAST MIDLANDS), and Mr Stephen Johnson becomes director and general manager.



THE BRENT WALKER GROUP has appointed Mr David MacAnugus (above) as managing director of the leisure division. He was general manager of the Selfridge Hotel, London.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

Table listing various unit trusts under the 'AUTHORISED UNIT TRUSTS' section, including names like Abbey Unit Trust, Aegis Unit Trust, and others.

Table listing various unit trusts under the 'CCL Unit Trusts Ltd' section, including names like CCL Unit Trusts Ltd, CCL Unit Trusts Ltd, and others.

Table listing various unit trusts under the 'Eagle Star Unit Trusts Ltd' section, including names like Eagle Star Unit Trusts Ltd, Eagle Star Unit Trusts Ltd, and others.

Table listing various unit trusts under the 'Global Asset Management' section, including names like Global Asset Management, Global Asset Management, and others.

Table listing various unit trusts under the 'Legal & General' section, including names like Legal & General, Legal & General, and others.

Table listing various unit trusts under the 'Mifalad Unit Trusts Ltd' section, including names like Mifalad Unit Trusts Ltd, Mifalad Unit Trusts Ltd, and others.

Table listing various unit trusts under the 'Prudential Mutual Unit Trusts Ltd' section, including names like Prudential Mutual Unit Trusts Ltd, Prudential Mutual Unit Trusts Ltd, and others.

Table listing various unit trusts under the 'Smith & Williamson Unit Trusts Ltd' section, including names like Smith & Williamson Unit Trusts Ltd, Smith & Williamson Unit Trusts Ltd, and others.

Table listing various unit trusts under the 'Sovereign Unit Trusts Ltd' section, including names like Sovereign Unit Trusts Ltd, Sovereign Unit Trusts Ltd, and others.

GUIDE TO UNIT TRUST PRICING. This section provides detailed information on how unit trust prices are calculated, including details on net asset value, expenses, and the role of the trustee.



Unit Trusts

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Main table containing unit trust information, including columns for company name, unit price, and other financial details. The table is organized into several sections: 'OTHER UK UNIT TRUSTS', 'INSURANCES', and various individual trust listings.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

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Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', 'GUERNEY (SIN RECOGNISED)', 'LUXEMBOURG (SIN RECOGNISED)', and 'SWITZERLAND (SIN RECOGNISED)'.

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts with columns for Name, Price, and Yield.

LONDON SHARE SERVICE

Table of London Share Service listing various shares and funds with columns for Name, Price, and Yield.

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COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans listing various loan products with columns for Name, Price, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails listing various international bonds and rail securities with columns for Name, Price, and Yield.

AMERICANS

Table of Americans listing various American securities with columns for Name, Price, and Yield.

Money Market Bank Accounts

Table of Money Market Bank Accounts listing various bank accounts and services with columns for Name, Price, and Yield.

BRITISH FUNDS

Table of British Funds listing various domestic UK funds with columns for Name, Price, and Yield.

BRITISH FUNDS - Contd

Continuation of British Funds listing various domestic UK funds with columns for Name, Price, and Yield.

Five to Fifteen Years

Table of Five to Fifteen Years listing various long-term investment funds with columns for Name, Price, and Yield.

Over Fifteen Years

Table of Over Fifteen Years listing various long-term investment funds with columns for Name, Price, and Yield.

Over Ninety Years

Table of Over Ninety Years listing various long-term investment funds with columns for Name, Price, and Yield.

INT. BANK AND O'SEAS

Table of International Bank and Overseas listing various international investment funds with columns for Name, Price, and Yield.

CORPORATION LOANS

Table of Corporation Loans listing various corporate bond funds with columns for Name, Price, and Yield.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds listing various international investment funds with columns for Name, Price, and Yield.

OFFSHORE INSURANCES

Table of Offshore Insurances listing various international insurance products with columns for Name, Price, and Yield.

UNIT TRUST NOTES: Additional information and disclaimers regarding the unit trust services.

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for 1989 High, Low, Stock, Price, and % Chg.

BUILDING, TIMBER, ROADS - Contd

Table listing building, timber, and roads stocks with columns for 1989 High, Low, Stock, Price, and % Chg.

DRAPERY AND STORES - Contd

Table listing drapery and stores stocks with columns for 1989 High, Low, Stock, Price, and % Chg.

ENGINEERING

Table listing engineering stocks with columns for 1989 High, Low, Stock, Price, and % Chg.

INDUSTRIALS (Misc.) - Contd

Table listing industrial stocks with columns for 1989 High, Low, Stock, Price, and % Chg.

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Table listing industrial stocks with columns for 1989 High, Low, Stock, Price, and % Chg.

CANADIANS

Table listing Canadian stocks with columns for 1989 High, Low, Stock, Price, and % Chg.

ELECTRICALS

Table listing electrical stocks with columns for 1989 High, Low, Stock, Price, and % Chg.

FOOD, GROCERIES, ETC

Table listing food, groceries, and other stocks with columns for 1989 High, Low, Stock, Price, and % Chg.

INDUSTRIALS (Misc.)

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BANKS, HP & LEASING

Table listing bank, HP, and leasing stocks with columns for 1989 High, Low, Stock, Price, and % Chg.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for 1989 High, Low, Stock, Price, and % Chg.

DRAPERY AND STORES

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HIRE PURCHASE, LEASING, ETC

Table listing hire purchase, leasing, and other stocks with columns for 1989 High, Low, Stock, Price, and % Chg.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for 1989 High, Low, Stock, Price, and % Chg.

DRAPERY AND STORES

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INSURANCES

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INSURANCES - Contd. Table listing various insurance companies and their share prices.

PAPER, PRINTING, ADVERTISING - Contd. Table listing companies in the paper and printing industry.

TEXTILES Table listing textile companies and their share prices.

TRUSTS, FINANCE, LAND - Contd. Table listing trusts, finance, and land-related companies.

OIL AND GAS - Contd. Table listing oil and gas companies.

MINES - Contd. Table listing mining companies.

LEISURE Table listing leisure and entertainment companies.

PROPERTY Table listing property-related companies.

TOBACCOS Table listing tobacco companies.

TRUSTS, FINANCE, LAND Table listing trusts, finance, and land-related companies.

OVERSEAS TRADERS Table listing overseas trading companies.

MISCELLANEOUS Table listing various miscellaneous companies.

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PLANTATIONS Table listing plantation companies.

THIRD MARKET Table listing third market trading data.

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Thatcher ends tough week on upbeat note

By Philip Stephens, Political Editor

MRS Margaret Thatcher yesterday sought to bolster morale in the Tory party at the end of a week in which the Government found itself buffeted by financial markets and facing a renewed bout of jitters among its supporters at Westminster.

The Prime Minister underlined her determination to stick with the "conviction" politics which have characterised her 10 years as Prime Minister and to avoid bending to the "fashions" of the day.

In Britain, Mrs Thatcher said, the past "momentous" decade had been one of achievement. The balance of power had been transferred from Government to citizen, and liberty and prosperity had been restored.

On the international stage, Britain would stick to a policy of marking out its ground on the fundamental issues of defence, freedom and human rights and then of standing "firmly and unshakably upon it".

The Prime Minister's characteristically upbeat assessment, delivered at a ceremony granting her the freedom of the City of London, was designed to reinforce her reputation for resolution and to dispel anxieties among backbench MPs that the Government was at risk of losing its way.

The view at Westminster is that it has not been a good week for Mrs Thatcher.

During the past few days an administration that prides itself on setting the agenda has looked reactive, at risk of being pushed along by, rather than in charge of, events.

Rumblings on the Conservative benches have begun to break out into the open. The Labour Party - though set back by Mr Neil Kinnock's angry dispute on Thursday with a BBC radio interviewer - has had a new spring in

THE GOVERNMENT sought to take full advantage last night of the outburst by Mr Neil Kinnock, the Labour leader, against a line of questioning in a BBC radio interview this week, after a leaked transcript of the heated exchange revealed he had sworn during the exchange, Richard Donkin writes.

The disclosure of the clash between Mr Kinnock and Mr James Naughtie, presenter of the World at One news programme, was seized upon by senior Conservatives touring constituencies in the European election campaign as evidence that the Labour leader was not fit to govern.

While the transcript of the recorded row, cut from the broadcast interview, its step.

There is as yet no sign of a crisis of confidence among Mrs Thatcher's supporters. A few disgruntled voices among ministers and MPs can too easily be mistaken for a full-scale rebellion.

But a week that saw the Prime Minister obliged to give two public demonstrations of loyalty to her Chancellor, interest rates forced to their highest level since early 1985, and a continuing split over policy towards Europe has not been one to bolster confidence.

Relations in the upper echelons of the Cabinet are said by insiders to be less than friendly.

In spite of her public support for him in recent days, Mr Nigel Lawson is thought to be deeply irritated by Mrs Thatcher's recent comments on the economy and by her implied criticism of his exchange rate policy.

Sir Geoffrey Howe's attempts to force a reappraisal of membership of the European Monetary System's exchange rate mechanism has been bluntly

showed that Mr Kinnock stopped short of using four-letter words, his use of barrack room language gave the Government a welcome diversion from its own problems.

The disagreement flared after Mr Naughtie had repeatedly asked the Labour leader how he would go about reducing interest rates. After four questions Mr Kinnock brought the questioning to a halt and launched into an argument, saying: "I'm not going to sit on this programme and have a bloody... lecture on what the Labour alternatives might be in three years' time."

The Labour Party was playing down the row last night and said: "As far as we are concerned this matter is closed."

squashed by Downing Street.

Some other ministers have also been privately questioning Mrs Thatcher's style.

At one level, there is no dissent from her view that the Government had to take a tough line against the spying activities of Soviet and Czech diplomats. But at another, there is some doubt about whether now was the best time for Britain to be cast in the role of a "cold warrior".

Unless a last-minute compromise is found, Mrs Thatcher runs the risk of being isolated at next week's NATO summit over her refusal to agree to negotiations with the Soviet bloc on reductions in short-range nuclear weapons.

One minister wondered aloud how the Government had ever allowed itself to be in the position of asking the US Administration to choose between Britain and West Germany on an issue - defence - over which Washington would always side with Bonn.

Meanwhile, the split in Conservative ranks on policy towards the European Community can be relied upon to stay in the headlines at least until the June 15 elections to the European Parliament.

Mr Edward Heath, the former prime minister, has pronounced another attack on Mrs Thatcher's tough stance on Monday. Mr Michael Heseltine, the former defence minister, sees an aggressively pro-European stance as central to his bid for the future leadership of the Conservatives.

It is the economy - and the tensions between Mrs Thatcher and Mr Lawson - which provide the main source of concern among the Government's backbenchers.

Signs that mortgage rates will remain stable for the time being took some of the heat out of this week's rise in bank borrowing costs to 14 per cent, but there was considerable unease that the financial markets, rather than the Government, had dictated the move.

It is the accepted wisdom among Conservatives that if they "get the economy right" then everything else - from worries over the health service to the impact of the poll tax - can be sorted out, usually simply by dipping into the "war chest" provided by a huge budget surplus.

The fear is that if the Government looks in danger of losing its grip on economic policy, then what now threatens to be a spell of the traditional mid-parliamentary slump may turn into a much more serious slump in popularity.

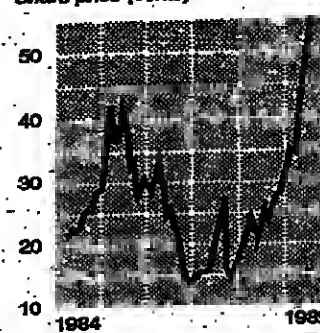
However, Mrs Thatcher yesterday had little time for such "saint-hearted" thoughts. Perhaps only half-jokingly, she referred approvingly to one of her predecessors as prime minister who "wrote the minutes of the cabinet before the meeting".

The fight to cap the greenback

FT index rose 1.5 to 1,778.8

Sea Containers

Share price (cents)



The fall in the dollar was so short-lived that it barely gave anyone time to consider whether the turn had come. But even without the benefit of hindsight, it should have been obvious that the 6 p.p.m. drop was nothing to get excited about. Given the speed of the dollar's rise, a small fall was inevitable anyway - add to that some help from the central banks, and the strongest possible indication of an interest rate rise in Japan, and it is not surprising that the setback was violent. What is slightly surprising is the refusal of the currency to stay down: evidently there are enough bulls about ready to buy the dollar. At anything below, say, DM1.97, and hold it over a long weekend, it also shows that the expected action on interest rates this week - 0.75 basis points from Japan and between 0.5 and 1 point from Germany - is so well discounted in the money markets that the reality may only serve to push the dollar up more.

Meanwhile, yesterday's US trade statistics suggested that the rise in the dollar is not lacking in logic. The quarterly numbers show the volume of imports in the first quarter down by 1 per cent, and consumer imports down 3 per cent - which rather puts paid to any notion that the deficit has stopped improving. The danger remains that the dollar's rise will cause a monetary overkill everywhere else, with interest rates going up too far. The sight of a fall in the dollar yesterday seems to have hushed for now the talk of 15 and 16 per cent base rates in the UK, and allowed the equity market a peaceful end to a traumatic week. In fact, yesterday's antics on the currency markets do not alter the probability of further rises in base rates. The equity market could well have some further adapting to do.

Sea Containers

The combination of a burgeoning Swedish ferry company teaming up with a highly geared UK trailer rental company to break up Sea Containers' has a superficial commercial logic. But at \$50 a share it is hard to take the bid seriously, and while the privately-owned Stena has been known to gamble and lose heavily on earlier ventures, there is a danger that in its ambitions to play in the big league, Tiphook may end up paying far too much and ruin an impressive record.

Judging by the buoyancy of

the Tiphook share price yesterday, despite the news that it plans to ask its shareholders to double their investment in the company, this risk appears to be outweighed for the moment by the potential rewards, management. Indeed, it does seem to be getting the better deal. It is doubling the size of its business and only paying 10 times earnings, or the rough equivalent of the market value of the container fleet it is purchasing.

With economies of scale and the superior productivity of its own operations, there should be no dilution in Tiphook's earnings. And while its interest cover of less than two times would frighten all but the most adventurous LBO proponent, Tiphook is confident that its business is virtually immune from any severe downturn in the world economy. Its record to date has been near flawless, and maybe container and trailer rental will boom in the next recession.

For Stena the logic of the deal is less obvious. If successful, it will inherit a fleet of ferries which are overdue for replacement, and in P & O it faces a competitor with much deeper pockets. In addition, the combination of Eurotunnel and the eventual elimination of duty-free shopping means that the profitability of cross-channel ferries at least will be under serious pressure. It may just be an attempt to flush out a white knight, but if so it seems an expensive exercise.

Magnet

Against the odds, the Magnet buy-out seems in doubt after all. Given the rise in base rates - which jeopardises not only

the funding, but also the group's trading prospects, the big shareholders might have been expected to take the money and run. But if an institution like Sun Alliance is prepared to say publicly, as it did yesterday, that it is objecting on a point of principle, it deserves to be taken seriously.

The objection has partly to do with the terms offered for the convertible, but there is more to it than that. If Sun Alliance, or any other institution, is a bona fide long-term shareholder, it should not give way to the short-term ambitions of managers who are employed to work on shareholders' behalf. The logic, after all, is impeccable: the share price prospects may look grim, but if the managers and their backers did not believe in the more distant future, they would not go ahead with the venture. Taken in isolation, there is no doubt that the deal should be allowed to proceed on grounds of expediency. But if institutions are prepared to block it on the wider grounds of deterring imitators, good for them.

Kelt

The oil industry did not think it would work. The City did not think it would work, yet the highly leveraged and extravagantly priced bid for Carless by the flimsy Kelt appears to have been a triumph. The company has realised £136m from Carless's esoteric hunch of downstream assets, and suddenly its six-month bridging finance at two points above the market rate does not look so crazy after all. The upshot is that Kelt will have got its desired stake in the Wyth Farm oil field at a knockdown price, and be left with gearing at an apparently manageable level.

The lesson may be that, in the oil industry, the flaky independents are better at spotting a deal than the bigger companies, or perhaps Kelt was just lucky. Meanwhile, the prices paid by Repsol and the Knwattis show how anxious foreign oil companies are to get into the UK downstream market, even if it means paying handsomely for petrol pumps in the most out-of-the-way places. Above all, the whole thing casts doubt on Carless's defence: either it did not know how much its own businesses were worth, or it knew but declined to tell its shareholders. Either way, its demise begins to look rather less tragic.

GDP contracts as energy output shows steep fall

By Ralph Atkins, Economics Staff

A STEEP fall in energy output led to a contraction in total UK economic activity in the first three months of the year, according to Central Statistical Office figures released yesterday.

Gross domestic product fell by a seasonally-adjusted 0.2 per cent between the last three months of 1988 and the first quarter of this year. It was the first quarterly fall since 1985.

The fall in energy output was mainly the result of accidents in North Sea oil fields and unusually mild winter weather which cut fuel consumption. Compared with the first quarter of 1989, GDP was 1.5 per cent higher.

Even if the oil sector is excluded, the figures showed further signs of a slowdown in economic activity as last year's sharp rises in interest rates began to take effect. Non-oil GDP in the first quarter was 3.4 per cent higher than a year

earlier, compared with 4.1 per cent in the fourth quarter of last year.

Further slowing in activity is likely through 1989, particularly if Wednesday's rise in base rates to 14 per cent is not reversed for some months. Yesterday the Treasury repeated its commitment to do whatever necessary to reduce inflation. A sudden slowdown could reduce pessimism about the inflation outlook, providing some comfort for financial markets. Mr Bill Martin, chief UK economist at UBS Phillips & Drew, said: "We need the rate of growth of output to fall sharply just to get the rate of inflation slowing."

The CSO figures are based on the output measure of GDP. The preliminary output-based measure of gross domestic product stood at 113.3 (1985 prices, 1985=100) in the first quarter, compared with 113.5 in the fourth quarter of 1988.

China ready for purge of senior Party and military officials

By Robert Thomson and Peter Ellingsen in Peking

CHINA was preparing itself last night for a purge of senior Communist Party and military officials.

Lists of targeted leaders and alleged political crimes were circulating in Peking, and the future of Zhao Ziyang, the party general secretary, was in growing doubt. Reports that he was under house arrest and had been stripped of his post, however, were still unconfirmed.

China's power struggle appeared to be swinging back firmly in favour of the country's conservative faction headed by Li Peng, the prime minister, and Deng Xiaoping, the paramount leader.

An extraordinary meeting of the standing committee of the Party's Central Advisory Commission took place, chaired by the ailing ideologue Chen Yun. The meeting was attended by a group of senior conservatives who are supposed to have retired from active party work but who are clearly supporting Deng. He is orchestrating a drive against his opponents in the Party and has authorised a discipline campaign against liberal academics and social critics.

The meeting condemned a

"secret plot" against party rule by the reformers who backed the student demonstrations, which have triggered China's biggest political crisis in ten years.

Although the meeting was not broadcast live, television viewers were shown still photographs of the fading revolutionaries and given a commentary on the committee's opinions. This criticised the secret plot "hatched by a very small number of people" and promised tighter ideological control of the country.

This class has not come about by itself. One of the reasons is that we have relaxed Marxist-Leninist education for a period of time and weakened the party's ideological work," the Commission resolved. "We must struggle firmly against them (the plotters) and never yield to them."

Students maintained their strict vigil at Tiananmen Square but were on the periphery yesterday, as they awaited the outcome of the bitter power struggle within the walls of Zhongnanhai, the political leadership compound a few hundred metres from the square.

Conscious of the students' volatile presence, the commission sought to isolate targets of the political crack-down by separating the plotters from "the majority of patriotic students."

The comment was a warning that the students still have an opportunity to leave the square before the crack-down. Students convened a meeting at the square yesterday to decide how to respond to the Government's tough line. Most were determined to "maintain their protest until the authorities granted their demand for a televised dialogue on press freedom and political reform."

Chinese sources said that there were two lists of targets for a Communist Party clean-out; prompted by the remarkable events of the past month. One is a list of political figures, including Zhao. The other contains the names of at least 40 outspoken intellectuals.

Premier Li was still attempting to maintain outward calm for fear of prompting further unrest, and it is known that party officials have adopted the same "neijin waicung" (internally tense, externally relaxed) approach in their disciplining of alleged offenders. Suppression prospect, Page 2

Table with 2 columns: FRANKFURT (Dm) and NEW YORK (\$). Lists various stock prices and changes.

Table with 2 columns: LONDON (Pence) and T.H.F. Lists various stock prices and changes.

Table with 4 columns: Y-day, Y-day, Y-day, Y-day. Worldwide weather forecast for various cities.

Soviet radicals gain strength in Congress, but fail to win votes

By Robert Thomson and Peter Ellingsen in Moscow

RADICALS in the Soviet Union's Congress of People's Deputies - the country's super parliament - gained strength yesterday, but nevertheless still failed to win a string of crucial votes designed to liberalise the new political system.

In a day of bruising procedural battles, the progressive deputies in the Congress delivered a barrage of critical attacks against a carefully packaged agenda.

Eventually the 2,550 deputies broke up to vote for a new standing parliament - a 542-member Supreme Soviet - but were faced with only a handful of extra nominations to give them any choice.

The pre-chosen list from the Communist Party was strongly attacked for including too many party officials and bureaucrats and criticised for failing to reflect the range of deputies popularly elected to the Congress itself.

At the same time, a Donetsk coal miner complained bitterly that too many intellectuals and professors were listed. "Are we destined to work with shovels for the rest of our lives?" he demanded. "Has the other half of the slogan been

forgotten: All Power to the Soviets, Peasants and Workers. Have we forgotten the October Revolution?"

Yet the growing atmosphere of excitement in the Kremlin's vast Palace of Congresses, and in the streets of Moscow where the sessions are broadcast live on television and radio, suggests that a whiff of 1917 is creeping back into Soviet life.

Reformers attacked on a series of key issues, from the right to demonstrate outside the Congress to the need for professional politicians to devote all their time to the new parliament. They also indicated considerable dissatisfaction with the choice of candidates for the Supreme Soviet.

The first onslaught on the Communist Party leadership came from Tatyana Zaslavskaya, a respected theorist of Perestroika who denounced police action against a spontaneous Moscow demonstration the night before. Dr Andrei Sakharov, the veteran human rights campaigner, backed her criticism: "This is our youth, our future, our people. We cannot surround the people with the divisions which were used in Thailand."

The growing support for the progressives, whose most outspoken members come from Moscow, Leningrad and the Baltic republics, was shown in the vote to suspend the law on demonstrations: 891 voted in favour and 1,261 against, the highest radical vote yet in the Congress.

The vote came as hundreds of thousands took to the streets in Tallinn, the Estonian capital, for the first time since 20 people were killed in a demonstration on April 9.

On the question of full-time politicians to serve in the new Supreme Soviet, 688 voted in favour and 1,419 against.

The proceedings were almost thrown into disarray at one stage, once more by open rebellion by the delegation from Lithuania, the most pugnacious of the Baltic republics. Professor Vytautas Landsbergis, a musicologist, demanded that each republic be given the right to vote for its own deputies, but Mr Gorbachev and others eventually deflected the move.

Dollar

Continued from Page 1

general concern about the inflation outlook took a heavy toll on the market. The FT-SE index lost 6.4, or nearly 3 per cent, over the week. Government stocks ended about a point lower over the week.

In London, the dollar closed at DM1.986, compared with DM1.995 on Thursday and at Y141.40 against Y141.95 in New York at mid-session it was trading at around DM1.9805 and Y141.0 having traded as low as DM1.964 and Y139.84.

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Weekend FT

SECTION II

Weekend May 27/May 28, 1989

Taking the arts to market

Antony Thorncroft argues that the Government should accept its obligation to fund artists and free them for their proper role

EVERY NIGHT is party night at London's Victoria & Albert Museum. In the William Morris Room, in the great court hung with cartoons by Raphael, among the sprouting poplars in the Firelli Garden, the wine is poured, the canapés consumed. Often there is a little light music in the background. Usually Elizabeth Esteve-Coll, director of the V & A, greets guests (although since Easter she has tried, in vain, to cut her after-hours commitments down from six a week to an idealistic three).

She is working overtime to raise the money for the distasteful roof or to buy a Renaissance bronze. The guests have paid up to £4,500 to hire the plush surroundings for the evening, or are underwriting an exhibition, or are potential sponsors. A capacity for small talk and a strong stomach have become essential for any director of a UK arts institution. Nicholas Serota, director of the Tate Gallery, and Richard Eyre, director of the National Theatre, are both ascetic-looking men who took over their respected responsibilities on the same day in September. Now Serota finds himself glad-handing at the Tate four times a week, while Eyre gathers, together a few actors after the show and pops up to dine with the sponsors of the latest NT production. So it goes on: through every theatre and opera house, art gallery and concert hall in the land, the most refined artistic brains of the generation are on the 'hassle'. As Peter Jonas, of English National Opera, says: "It is very tiring and disagreeable to know that someone during dinner you have got to touch your guests for £50,000."

There is no mystery about the cause of this enforced conviviality. The order has gone down from the Treasury to Richard Luce, Minister for the Arts, that there must now be two arts paymasters. The Government has promised to maintain its funding through the Arts Council and the Office of Arts and Libraries at a fixed level but, for growth, the arts must look to their own resources. They must sell themselves better - and thus attract larger audiences and higher box office receipts and get sponsorship cash. They must be weaned off subsidy and discover the joys of the market place.

The ENO has seen its grant from the Arts Council and Westminster City Council decline to just over half its £18m annual revenue, as against almost two-thirds five years ago. Other arts groups are recording similar falls. The Royal Shakespeare Company gets around a third of its money from subsidy, as against 40 per cent in 1984, while the Royal Opera House, Covent Garden, has to make do with grants that cover just over 40 per cent of its costs, as against a half five years ago.

Under this strict monetary discipline the arts in the UK have been transformed, sometimes for the good, sometimes with dire results. Perhaps the most obvious examples of change are the major orchestras, such as the Royal Philharmonic. Ian MacLay, who runs the RPO, imagines the day, in about five years time, when the four leading London orchestras will receive no Arts Council subsidy. The RPO has seen its grant halved in the past decade - it now represents just 8 per cent of the orchestra's £3m annual turnover.

The RPO is a busy but much changed business. It has set up its own record label, RPO Records, which has sold 300,000 copies, brings in around £250,000 a year and already has the big companies chasing it for its back catalogue. It has established the RPO Pops, a band of musicians that gets bookings a year by playing the 1812 and the Blue Danube. There is also the RPO film and video company. By hiring itself out for engagements the RPO can



Claudio Minetti

earn £1m a year; from ensuring that 60 per cent of its concerts are sponsored it receives another £1m; the box office receipts from its own promotions deliver 30 per cent of income and there are recording deals and the odd film score. By operating at the limit of its capacity the RPO is just in the black.

But the main problem is not survival - it is about the reason for the orchestra and the quality of its work. Ian MacLay has scheduled three concerts of music by Peter Maxwell Davies for next season. "They will each cost about £45,000 to put on. We can expect £10,000 from box office receipts - on which we have to pay VAT - but because it is adventurous music, we cannot find a sponsor. The Arts Council will be giving us £15,000 as a reward for our enterprise but this still means we will lose £20,000, which we can just about make up over the year from the pops orchestra, the record label, and so on. Without the Arts Council subsidy we could not think of playing anything challenging, interesting, new or costly."

The RPO has done everything expected of it but MacLay feels: "We are running harder to stay on the same spot." The well-founded criticism of the push towards the market is that it forces arts group

directors to spend most time worrying about where the money is to come from, rather than with creative ideas.

However, there have been benefits from the enforced change in attitudes, often arising from the most unlikely sources. No-one passing through Trafalgar Square in London can have failed to notice a huge hoarding painted with scenes of life aboard a transatlantic liner. Venture down Cannon Street and you can see a hoarding representing local yuppies waving their Filofaxes. These are the work of Free Form, set up 20 years ago as a charity by a group of idealistic young artists who aimed to bring art to the masses. "We wanted to take art beyond the gallery, where few people go. We also thought the environment needed the artists' eye," says Barbara Wheeler-Early, Free Form director.

Free Form's work is best seen in a run-down Hackney council estate where, with the co-operation of local residents, it has transformed the squalor through better lighting, seating, and a large mural picked out in mosaic, tiles and cement relief. It is the kind of project which cries out for Arts Council funding - which it obtained in 1974 - and would seem to offer little marketing potential. But, with

the political spotlight switching to inner city regeneration and Free Form courting business from the start, usually in its search for free materials for its projects, a happy conflux of interests emerged.

Developers are prepared to pay Free Form substantial sums - £50,000 would be typical - to provide a decorative hoarding while they rebuild the site behind. Free Form set up a company to handle this side of its activities, which produced a turnover of £250,000 in its first year. The profits go back into community work. Freelance artists are gainfully employed, there is more cash for brightening up inner cities, developers improve their environmental image - and the Arts Council can save on its subsidy for Free Form.

There are few moans about inadequate arts funding at the Theatre Royal in Plymouth. When Andrew Welch took over there seven years ago he was told that Plymouth City Council would underwrite the cost of running its new theatre if he could guarantee putting on a decent and popular programme. Unfortunately there were not enough good touring productions to justify the council's confidence and the annual

subsidy from South West Arts would not allow Welch to mount ambitious productions from his own resources.

By the mid-1980s Welch had solved the problem. He made the Theatre Royal an original house for shows that would then transfer to the West End or tour the country. A London producer, such as Ronnie Lee, could put together *South Pacific* in Plymouth for £750,000, less than half its West End cost, lick it into shape there and then transfer a working production to London. The formula worked. *South Pacific* provided the citizens of Plymouth with an enjoyable evening out - and went on to make more than £100,000 in income for its theatre. It is now returning for another season before going out on a national tour.

Such initiatives obviously let the Arts Council, and the Government, off the funding hook. The council has been quick to recognise the possibilities and last year set up an Incentive Fund, which has so far paid out £4.5m to almost 50 arts groups which showed themselves entrepreneurial enough to come up with ideas that could add to their income (including everything from computerised box offices to better catering facilities) if only they had a start-up contribution from the council.

The programme has unleashed unexpected money-making ideas from the arts community. For example the Lead Mill in Sheffield, an inner city community arts centre which on the surface is little more than an extension of the welfare services, received £125,000 from the council to help it take over a dilapidated Georgian cutlery factory. It plans to convert the factory into a working museum, earning rent from the local craftsmen who hire space there. More to the point, with the factory as a tangible asset, the Lead Mill can borrow from the banks to further rebuild its arts centre.

The same spirit has caught the Colway Theatre Trust in Bridport, Dorset. It puts on community plays involving as many local people as possible. Ideally with a local business contributing to the cost, its latest, written by Arnold Wesker and celebrating the history of a new town, takes place in Basildon next month. Inadequate subsidy has prevented what director Bob Butler calls "the most revolutionary idea in world theatre from developing properly."

Butler has sold the idea to North America and will be putting on three community plays in Canada next year and one in Minneapolis next year, for which a local company is contributing more money - \$50,000 (£33,000) - for the project than Colway has received in subsidy for the past three years. His enterprise has been rewarded with £50,000 from the Incentive Fund.

Many arts organisations are too small, or too committed to the avant garde, to develop any belief in their own commercial gifts. Philip Hedley of the Theatre Royal, Stratford, east London, has laboured in vain to attract business sponsors for his community based productions, and the Royal Court in London's Sloane Square has been forced to close its Theatre Upstairs through lack of funding.

There is also something slightly unsavoury about the arts world being forced on to a commercial gravy train. For example the Aldeburgh Festival in Suffolk, which at one time was earning more from two

second-hand clothes shops than it received in local council grant) has received £167,000 in incentive money - but only so that it can convert a space into hospitality suites for potential sponsors. Aldeburgh also displays the more acceptable side of enterprise - it lets out its famous hall for 140 days a year to recording companies, earning £60,000 in the process.

But the real criticism of the Government's funding of the arts is that it has failed to keep its side of the bargain. It is not maintaining subsidy at the agreed level, hiding behind 2 per cent annual increases in its grant to the Arts Council when inflation was considerably lower. Now it is more than 8 per cent, and for the arts, which is a labour intensive industry, considerably higher. The money from incentive funding has succeeded in hiding a very real cash crisis in the arts which will break very soon.

The problem is well illustrated by the developments at the English National Opera, which puts on operas in English at the Coliseum in London. It earns glowing reports from Richard Luce and Peter Palumbo, Arts Council chairman, because it has done everything to foster the "self reliance" expected from arts companies. It has pushed up its sponsorship income from £300,000 six years ago to £1.62m (and director Peter Jonas believes it cannot go much higher); it has increased box office revenue over the same period from less than £3m to a planned £6m next year by holdily raising prices and by increasing audiences from 73 per cent to 87 per cent; it has subjected itself to a scrutiny by accountants Price Waterhouse.

All this takes up a great deal of Jonas's time. He reckoned he was spending up to 70 per cent of his day (and evening) money raising, even appearing on the Coliseum's stage after every performance for a month to appeal for donations from the audience. He never managed to deal with the real task facing the company: how to motivate the staff, which accounts for three quarters of the costs and represents the spirit of the ENO.

Now the ENO is budgeting for a deficit in the forthcoming season: a 2 per cent Arts Council increase in grant comes nowhere near its anticipated rise in costs. At the same time the National Theatre Shakespeare Company are contemplating £1m deficits. These three national companies, along with Covent Garden, have drawn hope from Palumbo's committed support. He sees them as national flagships. But words are not enough: he must deliver.

There are signs that he will soon lead the Arts Council into battle on behalf of the arts. Leaders of national institutions are lining up behind him. Esteve-Coll, who has taken a terrific hammering putting the Government's policies into practice at the V & A, this week said that "candle end" economies on the arts had gone too far. Next year the V & A, thanks to a Treasury-negotiated agreement with the civil service unions, will have to pay out more in salaries alone than it receives in grant.

At a time when arts sponsorship is apparently peaking at just over £30m a year, when new initiatives, such as ArtsCard, the Midland Bank-backed credit card which ensures a tiny donation to an arts group of the holder's choice, are hardly likely to produce £2m extra for the arts within five years; and when opportunities for cutting costs and maximising revenue have now been all but exhausted, there really is no alternative to the Government accepting its traditional funding responsibilities and letting artists get back to the job of creation.

The Long View

The credibility gap in credit policy

NOW THE arguments begin about who is to blame. I don't want to get involved in that, except to say that the brief episode of deutchmark-tracking in 1987 and early 1988 was of only marginal relevance.

True, it led to the absurdity of the cuts in interest rates in the spring of last year, which aggravated the pressures, but the underlying problems go back further.

Nigel Lawson carries his share of responsibility, of course. But Britain's chronic problems of inflation and high interest rates are more fundamentally attributable to the depressing failure of the Treasury and the Bank of England to establish a prudent monetary framework and insist that it is complied with.

The most credible argument for entering the exchange rate mechanism of the EMS is, therefore, that we could then avoid imposing disciplines which our domestic authorities have so lamentably failed to do. On that basis, any time is ripe.

Our current burst of inflation was originally dismissed as a "blip", but, as I have argued several times in the past year or so, it goes back to the decision to abandon all serious money growth curbs in 1985.

It is not a short-term phenomenon. We have taken three or four years to get here, and realistically it must be

assumed that it will take nearly as long to unravel the tangle.

Last December in this space I discussed the economic parallels between 1973 and 1983 and the figures concluded that there would have to be a hard landing for the economy, while the outlook for inflation was considerably worse than anybody was then admitting.

At the time, City economists were predicting a peak of 6 or 7 per cent in the spring, and a fall back to below 5 per cent by the year-end.

Now the consensus forecast has moved up to a peak of near 8 1/2 per cent in July. But I think we shall be lucky not to see 10 per cent this year.

A vast overhang of money has been allowed to build up. Since 1982 the velocity of circulation of M4, the broad money aggregate that includes building society deposits, has fallen from 1.9 to 1.3.

Putting that another way, it would take an inflationary rise in money GDP of nearly 50 per cent to restore the velocity to its early-1980s level.

That is not a prediction. The outlook is not nearly as bad, because a lot of those deposits represent investment capital rather than spending money.

However, you don't need to be a dyed-in-the-wool pessimist to believe that there is plenty of finance there for price rises of 20 per cent to feed through over, say, a couple of years.

And even now, broad money



Barry Riley

Shaken by another rise in short-term money rates and further dismal trade figures, the Government needs to prepare for policy changes

growth proceeds apace, at 18-20 per cent year-on-year. Dearer money since last June has made no apparent difference. The recovery in building society lending commitments announced this week suggests that house buyers are regaining some of their confidence. House prices nationally are

still 28 per cent up on a year ago.

It is true that the overall mortgage market is less healthy than suggested by the figures for the building societies, which have been taking market share from the banks. But that is because the banks are content to concentrate on their buoyant lending to the corporate sector.

Inflation is an inevitable consequence of permitting the lending institutions to run riot in this way. The only effective counter would be a credit squeeze.

Simply to raise short-term interest rates, as the Government has done, has little effect except to sustain the level of sterling and make the balance of payments position worse.

There is a slight, but uneven and unfair, impact on consumer spending power - and this is progressively offset by the stimulus to pay demands.

Present policies have surely reached a dead end. The main response to 14 per cent bank base rates has been a wave of speculation that 15 per cent will come next.

As a first step towards getting a grip on events the authorities must seek to engineer a sharp rise in long-term interest rates, to the region of 15 per cent, at the same time letting short rates slip back.

It is crazy that long-dated gilts should be yielding only 9 1/2 per cent, giving a negative real yield to taxpayers. An

incentive to savers to go longer would cut off the unlimited supplies of deposits to the banks and building societies.

But it would not be an easy trick to manage in the absence of a public sector borrowing requirement. There would have to be changes to the funding structures of the deposit-taking institutions.

Such a reshaping of the yield curve would have seriously negative implications for the equity market.

One of the most powerful supporting arguments for equities at present is that the yield ratio - the yield on long-dated gilts divided by the yield on equities - is only just over 2, a comfortable level.

But if the yield on gilts were to jump sharply, equities would look expensive on this basis.

More critically for the Government, sterling would be likely to fall quite a bit further (it has already been devalued by some 5 per cent this year) and inflation would quickly reflect the consequences.

But this bullet will have to be bitten. The alternative strategy of propping up sterling with high interest rates and squeezing industry as a way of holding down prices is surely not credible. The company sector must not be expected to act as the Government's scapegoat.

I dare say Margaret Thatcher will manage to find another one.

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MARKETS

LONDON

Footsie struck down by a plague of problems

THIS WEEK in London had the lot - a heatwave, a mini-rising crisis, a base rate rise, trade figures, a general election, a flood at the Birtel wire service headquarters and a fire disrupting the Stock Exchange's Company News Service, traders could be forgiven for scanning the horizon in search of a plague of locusts.

Even events in China played their part, since they caused a sharp decline in the Hong Kong equity market which, in turn, contributed to the uneasiness of London traders. The equity markets choked on the surfeit of news and at one stage on Wednesday morning the FT-SE 100 index was down 86 points from its Monday opening level.

pushed Footsie through several post-Crash peaks and the 2900 barrier seemed to bear little relation to economic fundamentals. Two major economic indicators - inflation and the balance of payments - are decidedly on the blink.

When the April inflation figure of 8 per cent was announced on Friday last week, the markets reacted with surprising calm. Over the weekend, traders evidently thought again and realised, as the Treasury subsequently admitted, that inflation was likely to peak at a level higher than the Chancellor's Budget forecast of 8 per cent.

A bland Commons statement by Mrs Thatcher was then interpreted by foreign exchange traders as a sign that interest rates would not be

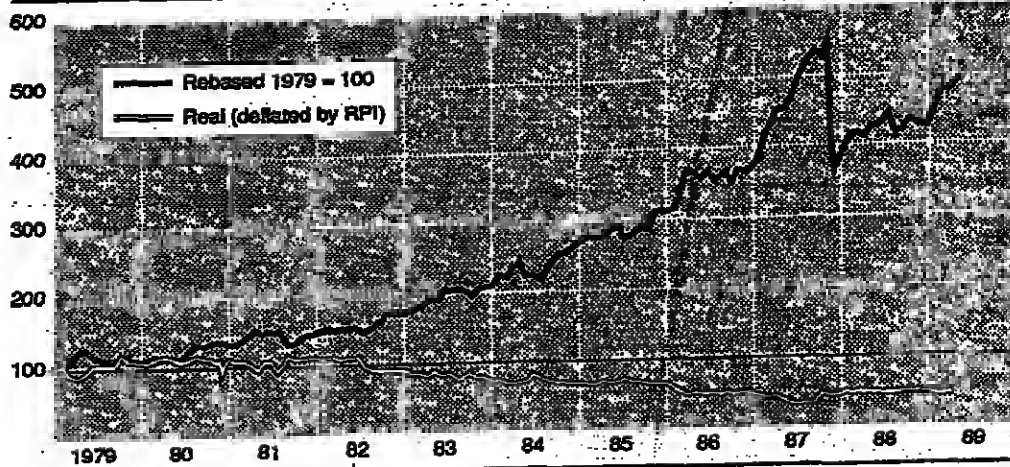
increased. The pound fell by 3 pence against the D-Mark on the day and a base rate rise was forced on the Chancellor the following morning.

Even the rise to 14 per cent may not have done enough to restore pro-sterling sentiment and some commentators are now forecasting that 15 per cent will follow. The risk of recession was then illustrated by April retail sales figures, which fell by a seasonally-adjusted 1.4 per cent.

The April trade deficit of £1.65bn was actually greeted with some relief since it was in line with expectations, but with economists now forecasting a £1.7bn deficit for the year, the figures were hardly a cause for celebration.

All this economic news tended to obscure an active

FT-Actuaries All-Share Index



week in the corporate sector. Wednesday morning, in particular, was full of company announcements, including a £48m rights issue from mining group RTZ, the launch of a £400m agreed bid for UEL, the graphics company, by television services group Carlton Communications; a £27m hostile takeover bid by Anglo United for rival fuel company Coalite; and an agreed £195m offer for Premier Brands from fellow foods group Hilldown Holdings.

It was the timing rather than the size of the cash calls that provoked comment. The level of equity issues has been comparatively low this year and institutions are relatively flush with cash - a factor that persuaded many to be bullish about the markets earlier this year. However, every extra point on base rates means that the rewards of holding cash are that much greater.

RTZ will be hoping that the institutions can spare a few coppers to support its one-for-seven issue, designed to help pay for the £2.75bn purchase of BP Minerals. The initial signs were promising, with the group's shares falling only 18p to 43p on Wednesday, compared with the rights price of 45p, and analysts reacting

favourably.

After some reflection, investors also took a kindly view of Carlton's bid for UEL. Having slashed the Carlton share price by 41p on the day the deal was announced, the shares recovered by 30p on Thursday.

Carlton, which also announced nearly doubled interim pre-tax profits of £45.1m, has enjoyed a meteoric rise since it reversed into Fleet Street last year in 1983.

In just six years the group has grown from an initial market capitalisation of around £15m to become a FT-SE 100 stock, under six owners, and worth around £1.7bn. It is a meteoric rise to match that of Blue Arrow, and Carlton chairman Michael Green will be hoping that the group does not match Blue Arrow's equally meteoric fall from grace.

While Carlton and UEL operate in one of Britain's newest and glamorous industries, Anglo United and Coalite operate in one of Britain's oldest - fuel. Coalite, chaired by former Labour energy secretary Eric Varley, has a rather wider spread of interests than its opponent - apart from fuel distribution, it is involved in quarrying, Dormobiles and

even clay pigeon manufacturing.

Coalite's earnings record has not been that inspiring but Anglo's bid is highly audacious. Anglo is capitalised at around 15 per cent of Coalite and the strain that the all-cash offer will place on the group's balance sheet will require a sheaf of disposals. However, Anglo argues that a combined company would have a 20 per cent market share in UK fuel distribution.

An even larger bid - around £500m - was launched yesterday by Tiphook, the UK container rental company, and Stearns, the Swedish shipping group, for James Sherwood's Bermuda-registered Sea Containers, which owns the Sea-Link ferry service and the Orient Express.

The wave of bids and rights issues illustrates that British companies have not yet lost confidence in the face of the UK's economic problems. But perhaps the most significant deal of the week was the Bank of Yokohama's agreed offer for merchant bank Guinness Mahon. If the Japanese start making takeover bids, that really could underpin the equity market.

Philip Coggan

Dollar puts a damper on the equity party

For equity investors in markets other than Well Street the behaviour of the dollar this week has brought an unwelcome note of discord to a party that had been going with a notable swing. John Plender reports. Page III

No-claims bonus offer from GA

General Accident is to offer a trail-blazing policy of giving no-claims discounts to house insurance policyholders. However, they have also turned back the clock by breaking away from the 'new-for-old' replacement cost concept. Eric Smart has the details. Page V



Check your life contracts

The introduction of independent taxation for married couples could effect the taxation of insurance contracts, so now is a good time to examine these in case some careful planning is required, says Anthony Casswell. Page VII

Are you a doer or a dreamer?

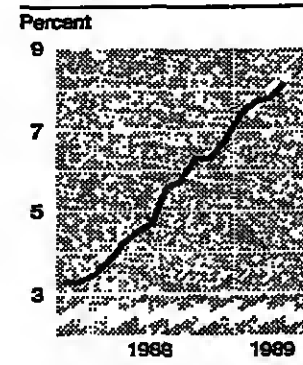
Psychologist Fay Fransella looks at the make-up of people who go into business for themselves and finds two disparate types: The Small Business Person and the Entrepreneur, while Roy Hodson meets architects who have set up their own London practice. Page VIII

BRIEFCASE: Disposal of house: Pega VII

Banks' base rate



Inflation



Bank base rates rise to 14%

The rise in the UK bank base rate this week from 13 to 14 per cent is the tenth increase in interest rates during the last year. It represents the latest attempt to defend the value of the pound and reduce what the Government describes as an "unacceptably high" level of inflation. The latest Retail Price Index figure for April showed that inflation had climbed to the equivalent of an annual rate of 8 per cent.

However, the provisional figures for retail sales in April, released the same day, showed that an interest rate of 13 per cent had had the effect of curbing consumer demand, with the volume of sales falling by 1.4 per cent and retailers reporting a dull month in the shops. The current account figures released on Thursday showed a deficit of £1.66bn for April, markedly up on the March figure of £1.18bn, as exports fell and imports continued to rise. Sara Webb

Further redundancies hit City

Fears that further casualties in the securities market-making business might take place proved right this week when Credit Suisse Buxmaster and Moore (CSBM) announced the shut-down of its market-making and research operations in UK equities and traded options, along with 70 redundancies.

CSBM is the UK securities subsidiary of Credit Suisse, the Swiss bank, and has made losses in excess of £10m in market-making activities. The competition between market-makers which came in the wake of Big Bang has already forced out Morgan Grenfell, which closed its securities operations last December, and there has been speculation that others would have to follow suit. S.W

Close companies attack is eased

Many shareholders in family companies will be able to sleep easier from now on: the Government has largely dropped its attack on close investment companies (CICs). It has abandoned the special 40 per cent rate of tax which would have applied to such companies (broadly, those with fewer than six controlling directors and which get most of their income from investment) if they did not pay out most of their profits each year.

The one remaining penalty on the CICs that are left is that they will not qualify for the "small company" rate of corporation tax of 25 per cent, but will have to pay tax on their profits at 35 per cent. This, the Government says, should discourage people from trying to avoid a personal tax rate of 40 per cent by channelling their investments into a close company. Richard Waters

Building society deposits grow

With the current high interest rates home-owners may be wincing but at least savers can enjoy the benefits. The latest figures from the Building Societies Association show a surge in deposits during April, when the building societies attracted £1.175bn in deposits, the highest intake since October 1988 and a sharp improvement on the March figure of £813m. Meanwhile, mortgage lending to new borrowers rose slightly to £4.336bn in April from £4.254bn in the previous month. This was 10 per cent down on last year. The BSA says that the small increase in recent months does not reflect an overall rise in demand for mortgages but rather the fact that building societies have boosted their share of the home loan market. S.W

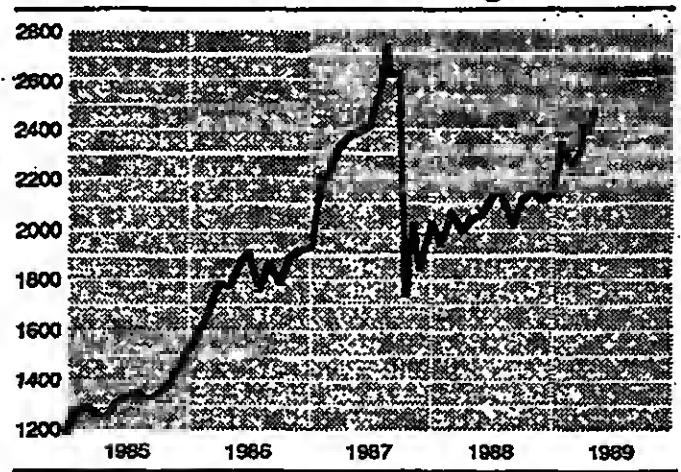
HIGHLIGHTS OF THE WEEK

	Price	Change	1988	1989	
	£/share	on week	High	Low	
FT-SE 100 Index	2140.3	-64.4	2204.7	1782.8	Base rates increase.
Allied-Lyons	441.2d	-20	507	220	Bond shares placed.
Amer sham	480	-26	552	484	Japanese suspend drug sales.
Beecham	624	-24	657	463	Details of US merger revealed.
British Gas	174½	-9	185½	156½	'Switch' rec./profits. figs. June 8.
British Telecom.	280½	-15½	298	255½	BZW 'sell' rec./profits. Thurs.
Coalite	452	+33	456	319	Hostile bid from Anglo United.
Eurotunnel Units	1077	+135	1078	376	French interest & AGMs.
Glaxo	1381	-56	1452	1055	Fears of US sales growth slowdown.
Guinness Mahon	141	+12	142	118	Agreed bid from Bank of Yokohama.
Hilldown	269d	-19½	301	234	Acquisition of Premier Brands.
Kleen-E-Za Holdings	175	-130	345	176	Interim profits fall.
Nash Industries	213	+70	225	110	27% stake changes hands.
UEL	714xd	+188½	720	380	Agreed bid from Carlton Comms.
Ultramar	305	-2½	335	285	Brierley 14.1% stake sold.

WALL STREET

A pause for consolidation

Dow Jones Industrial Averages



several weeks ago that export earnings would suffer if the dollar rose much further.

Shares in car and drug makers suffered the most - the former for fear of greater import penetration, the latter for less favourable currency translation of foreign earnings.

Analysts are split on the subject. "I don't think for a minute that a stronger dollar will effect export competitiveness," says Lawrence Kudlow, Bear Stearns' chief economist and chairman of its investment policy committee. However, a rise in the dollar of another 5 per cent or so "would raise some serious concerns," according to Carmine Grigoli, chief investment officer at First Boston.

Kudlow argues that the dollar was more of a problem when it was undervalued and contributing to US inflation. It has since recovered to "a more reasonable level reflecting the underlying value of the US economy." Coupled with the outlook for slower growth and lower inflation, the stronger dollar has brought about "a significant improvement in market psychology this spring. We believe the US market is undervalued and will reach all-time highs in the next year."

Even though Grigoli has his worries about the rising dollar he thinks that the negative effect can be offset to some extent by other more helpful trends, such as falling interest rates and the overall economic picture of restrained growth and lessening inflation.

JUNIOR MARKETS

Tailor-made for expansion

IF YOU were one of those gleefully vowed "never again" as you shed your uniform on the last day of school, you should be pleased to hear that a more modest stance on the currency and could live with it during studies.

Both stories were streamingly denied, leaving markets assuming that there will be no immediate loosening of monetary policy but that there will be renewed efforts to hold back the dollar if the Group of Seven can get its act back together.

By the end of the week the dollar was behaving a little better. No longer rising irresistibly, scuffing at central bank intervention, it took based higher interest rates in the UK and Switzerland and the possibility that other countries would follow. Many traders believe, nonetheless, that the dollar rally, checked but not halted, has further to run.

Similarly, stocks are consolidating before pushing higher. In the short term the markets are "watching their breath and would need really good news" to make further gains, says Laszlo Birinyi of Birinyi Associates, financial consultants. But after that, "the fundamentals look very nice. There's tremendous strength in world markets."

Monday 2,502.08 + 0.52
Tuesday 2,475.01 - 24.01
Wednesday 2,483.57 + 8.56
Thursday 2,452.59 - 1.28

Rod Oram

Hilldown deal gives investors food for thought

"IT'S THE BEST deal we've ever done," enthused Harry Solomon, the former solicitor who now heads Hilldown Holdings, about this week's purchase of Premier Foods. It was a rather uncharacteristic moment of hyperbole. From a group which in the heady bull market days was buying companies - albeit much smaller - at a rate of one a week, it is no mean boast.

However, shareholders, seeing their shares knocked back by more than 5 per cent, may wonder if they should be equally ecstatic. After all this is the second wave of Hilldown's paper to hit the market in two months. In April, the group's co-founder David Thompson placed out 60.5m shares (14.5 per cent) and now another 46.3m are arriving - together equal to a fifth of the enlarged group's equity.

There is a further, practical question: should existing investors swallow Hilldown's message and take up the shares they are being offered to help fund the latest deal? Or should they leave them to the placees? How significant the Premier deal is from Hilldown's view-

point is a matter of some debate. Worth some £295m (once the additional debt taken on by Hilldown is included), it is the largest single acquisition by the group, whose interests range from food, through furniture and stationery, to property and housebuilding.

But is it also indicative of Hilldown's future path? Premier was the vehicle for a £97m management buy-out of Cadbury-Schweppes' food and beverage interests in 1986, and consists predominantly of branded products like Ty-Phoo tea, Smash instant potato, Chivers preserves, plus use of the Cadbury names on certain biscuits and snacks. About 70 per cent of its £395m sales in 1988 came from branded goods - and as such, is something of a departure from a typical Hilldown purchase.

Announcing the deal, Hilldown was also quick to stress that more than 80 per cent of its sales will now be concentrated in the food industry, compared to some 70 per cent in 1987. It also hinted that some non-food disposals could be in the offing. "There may be certain parts of the group

which are undervalued within Hilldown at present," says Solomon - although he declines to say which these might be.

Certainly, any clarification of Hilldown's future direction would be timely. A corporate image problem has bedevilled it for two years and left shareholders with an underperformed investment. Since the beginning of 1987, the share price has risen by about 20 per cent, against a 40 per cent advance in the food manufacturing sector generally.

There are various reasons for this. The group, only quoted since 1985, was initially formed by a succession of acquisitions. The company claims that it never overpays; the inevitable corollary is that it has tended to buy low-margin businesses rather than premium-priced assets. This gave it a concentration at the commodity end of the food business, and subsequent strategy has centred on margin

enhancement through value-added products, efficiency gains, and so on.

However, as co-founder David Thompson started to ease out in 1987, the company's image became more blurred. The stock market crash effectively spelt an end to paper-funded deals, and the City's worries really began.

A lower-key consolidation, including debt reduction, has

And it has probably not overpaid for the privilege. The company suggests that the historic multiple on the deal is about 14 times and the prospective about 12, and analysts do not quarrel.

The structure of the deal means gearing is no worse, even slightly improved. Moreover, if Hilldown's suggestion that some £10m of cost-savings and other benefits come through next year, no dilution is expected. On those grounds, then, many analysts are broadly supportive.

But maverick voices can still be heard. First, there are those who see Premier as a one-off opportunity, which nudges up the branded element but may not map out the future path of the group.

Others, meanwhile, wonder what sort of player Hilldown will turn out to be in a rather different game, whatever the eventual extent of its involvement. The point is made that the group, in edging down the branded products path, comes up against formidable, experienced operators - Unilever, Allied-Lyons, Premier said the need for more resources to

Nikki Tait looks at market reaction to a major purchase in the food market

cent, against a 40 per cent advance in the food manufacturing sector generally.

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be in one of the few areas of the countries that is still experiencing rising house prices - even though the rate of price inflation is now slowing.

Allen's confidence is based on the fact that the ratio of house prices to average earnings in the north west is considerably lower than the national average. Furthermore, Allen concentrates on what he believes is the more resilient low to middle priced market.

A three bedroom semi-detached house in Wigan would typically cost under £40,000. Finding a house is still possible for the first-time buyer," remarks Donald Greenhalgh, chairman and managing director.

The company also gets a feeling of security from its carefully monitored balance between the four elements of its business. It is also proud of its rigorous system of financial controls and carefully calculated profits related pay - all of which helps it keep close tabs on its dispersed network of operating units.

Allen's placing, which is being handled by BZW, will take place in the first half of June and will capitalise it at about £26m.

Allen is just one of a number of companies from the north west that are poised to join the USM. Indeed, the frequency of USM issues from that area is a strong indicator of the renewed vigour of the region.

It is amazing," comments Alan Moss, who heads Alan Prul, a 212m Wirral-based chain of hairdressers with perhaps the highest profile of the north west contingent. Moss and Michael Rowland, group managing director, are both former hairdressers and drive a bright red Ferrari with a "USM" numberplate.

As well as the hairdressing salons, the company has a string of shops selling natural beauty products. This retail chain - which promises to be a direct competitor of the successful Body Shop empire - peddles environment-friendly products ranging from marshmallow moisturiser to Dead Sea mineral cream.

A slightly lower key was struck by TLS Range, a vehicle rental company based in Salford, which will be valued at about £10m. Details were also announced by Faupel, a £10m importer of textiles from China.

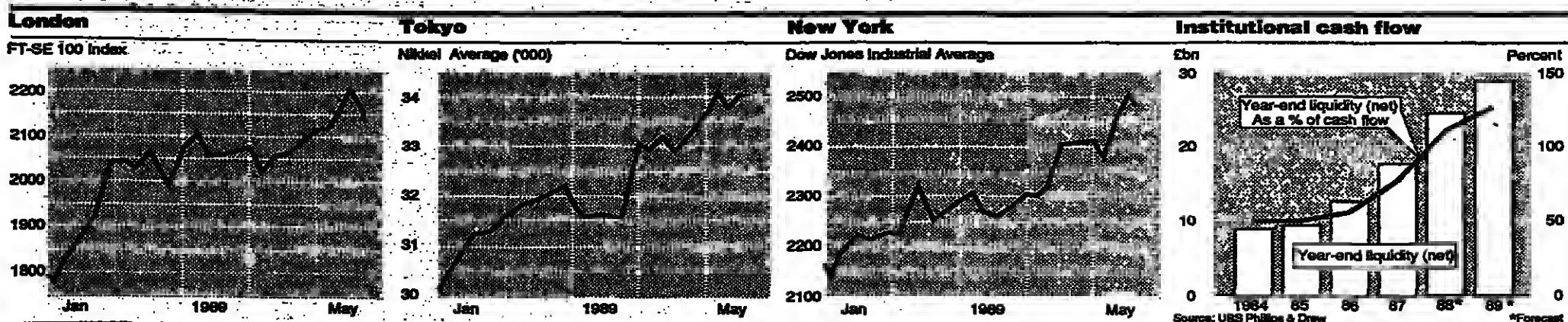
Proof, if more is needed, that the USM new issue scene is bursting with life, will materialise in coming weeks. Deals are being planned by a bewildering assortment of companies including a specialist engineer, a window frames company, an estate agent, a bridal gown specialist, a leisure wear maker and an advertising company.

Allen has the good fortune to

Vanessa Houlder



FINANCE & THE FAMILY



No alarm over mortgages

HOUSE BUYERS need not be unduly alarmed by this week's rise in interest rates. The big building societies, which are the main influence on mortgage rates, have made it plain they will not put up the cost of their home loans for several months, unless there is another base rate increase.

With plenty of money coming in from investors, still apprehensive about the stock market, the building societies are under no great pressure to raise mortgages in the short term, especially as the demand for home loans is distinctly sluggish, with property prices sliding.

It is a slightly different story for the banks, and centralised lenders in particular, who rely on the wholesale market far more as a source of their funds for mortgages than savers' deposits. The wholesale money market rates have already risen so they face the choice of reduced profits, or even losses, if they do not put up the cost of their mortgages, or losing out to the building societies if they do increase their rates.

They have been using sophisticated financial hedging instruments to counter the possibility of higher rates and this will give them some breathing space.

Duncan Young, chief executive of the Household Mortgage Corporation, said this week he thought that centralised lenders would be able to hold on until the end of next month.

By then, interest rates ought to be showing signs of subsiding back towards the 13 per cent mark. So it is probably not sensible to be panicked by the prospect of higher rates into going for one of the fixed rate mortgages on offer at over 12 per cent. If you take one of these, you are assuming that over the two or three-year life of the mortgage, interest rates will be at current levels or higher.

That is a very pessimistic assumption. If it turns out to be wrong and rates fall, you will probably have to pay still penalties (perhaps the equivalent of three months interest) to get out of the fixed rate mortgage.

Real pessimists may care to consider what will happen if sterling remains so weak this summer that further increases in the banks' base rate are needed. Building society borrowers will probably fare better in these conditions than those with mortgages from other institutions, as they did during the interest rate peaks of the early 1980s.

Meanwhile, although there is unlikely to be any immediate rise in mortgage rates, there could be an end to the recent trend towards special offers of lower rates resulting from the fierce competition in the mortgage market at the moment. Buying market share will be that much more expensive.

If mortgage rates do not go up, it follows that the banks and building societies will also be slow to increase the interest paid on deposits. But again the recent trend to cut rates for savers should be reversed.

However rates paid on Money Market Accounts should show an immediate increase, since they are based on movements in the wholesale money market.

David Barchard

John Plender discusses the inflationary pressures the US currency is putting on the rest of the world

Soaring dollar disturbs the party

FOR EQUITY investors in markets other than Wall Street, the behaviour of the dollar this week has brought an unwelcome note of discord to a party that had been going with a notable swing.

Until recently, it was possible for fund managers to argue that the monetary authorities in the US and Europe had done their bit to underpin the markets through some judicious pre-emptive tightening in the face of unexpectedly robust economic growth.

A peak in inflation and short-term rates might then have been expected to pave the way for falling bond yields and a continuation of the upward trend in equities which began in 1987.

The trouble with the soaring dollar is that it exports inflationary pressure from the US to the rest of the world, where the cost of dollar-denominated imports goes up in terms of domestic currencies.

Suddenly, that peak in the rate of inflation looks more elusive. The markets now anticipate further stringency from the Bundesbank and, in the middle of the week, Japanese equities took a sharp tumble on similar grounds.

Worst hit were those whose economic condition was already fragile, like Britain, where pressure on sterling was enough to extract a base rate increase from the Chancellor before the trade figures were out.

The key question for the markets now is whether the dollar will continue to strengthen.

Some commentators, including US Treasury Secretary Nicholas Brady, choose to explain the dollar's rise in largely political terms: China in turmoil, a political vacuum in Japan and problems in Europe over short-term nuclear weapons make a safe haven of the dollar.

A more down to earth explanation is that demand for dollars exceeds supply. US monetary growth has been slowing and the devaluation of the dollar since 1986 has caused dollar assets to become underweight in international portfolios.

The demand has been sharpened by what Goldman Sachs calls a slowly emerging realisation that the US twin deficits

are small numbers when taken as a percentage of anything that matters.

The final ingredient in this rationalisation comes from what might be called the do-it-yourself purchasing power parity theory of exchange rate determination. Most fund managers who have recently been to the US have been struck by the cheapness of the goods in the shops.

In a world of liberalised capital flows, such a change in perception tends to lead to a sharp bounce in the market place. So huge is the Japanese savings mountain, for example, that it takes only a tiny reallocation of cash flow, in percentage terms, to have a big impact on anyone else's market.

Given that much Japanese buying of dollar assets has been held back through dollar borrowing in the Euromarkets, the bounce is magnified by gearing. Renewed confidence leads to dollar borrowings being repaid with yen, while new dollar assets are purchased unhedged.

Does this imply that Wall Street will henceforth be out of sync with other markets?

Having tightened monetary policy much earlier than West Germany and Japan, the US might well be expected to go on providing a happier hunting ground for the bulls.

But the evidence that inflationary pressure is now under control in the US is far from clear and the behaviour of the Tokyo market in response to any monetary tightening is hard to predict.

Indeed, the traditional linkages between interest rates and equities are no longer apparent in today's volatile global market.

In 1987, the real crash in Japan took place in the bond market, where long bond prices halved between spring and autumn. Yet this failed to exert any downward pressure on equities in the run up to the October debacle, even against the background of a soaring yen.

This year, the investors on Wall Street who took the Dow Jones Industrial Average to its recent peak were the ones who lost out earlier on the party because they were over-impressed by rising interest rates. Similarly, Britain has seen

no less than 10 hikes in short-term interest rates in a year which signally failed to prevent the equity market hitting post-Crash peaks.

The cumulative impact of the Chancellor's efforts admittedly came home to the market this week, where the hard pounding only eased off when the dollar yielded to central bank intervention.

But it takes bravery to forecast a dramatic slide in the Tokyo market on the basis of tighter money.

Most analysts who have been right about the dollar this year expect the trend to remain strong.

The implication could be that the real threat to equity markets worldwide may now lie less on the side of inflation than deflation. For if the Germans and Japanese feel obliged to tighten more and more in response to continuing currency weakness, recession will become a more plausible scenario than the so-called soft landing on which everyone is pinning their hopes.

London, meantime, must rank as a special case, with its more serious symptoms of economic mis-management.

After this week's fall it is still within 10 per cent of its 1987 peak, although there has, of course, been strong earnings and dividend growth since then. But on a price earnings ratio of just under 13 - only a little less than US equities - and a yield of 4 1/2 per cent, the market valuation scarcely looks generous, especially when cash is offering 14 per cent.

Nor, on the other hand, does it look overwhelmingly vulnerable. The institutions are relatively liquid, which helps explain a lack of real selling pressure this week.

Perhaps the position was best summed up by a director of one of Britain's leading fund management groups who told me that he had just emerged from an investment strategy meeting hopelessly unclear whether his firm was on the side of the bulls or the bears.

It could be that we are in for a period of drift, until economic events are perceived in the autumn to have taken a more decisive shift for better or worse.

Eric Short on new rules for selling life assurance

Guiding the buyers

A BUYER'S guide for investors is planned by the Securities and Investment Board (SIB) as part of a package of proposals governing the sale of life assurance and unit trust products to be implemented this year.

Under the plan, you will first be presented with the guide - an official document which explains the status of the person seeking to make a sale and provides details of the commission and charges payable.

It will not be a long document - under two pages - and will be written in understandable English rather than industry jargon.

The Buyer's Guide is intended to prepare you for the coming sale, in particular to let you know your rights and what information will be provided to you as a right, under the financial services regulations.

It forms one of the main innovations in the final disclosure proposals for life assurance and unit trust sales issued by SIB, the financial services watchdog organisation.

The disclosure proposals set out to ensure that investors know what they are buying, from whom they are buying, the status of the adviser and how much the investment is going to cost.

SIB has been wrestling with these disclosure proposals for more than three years.

One difficulty relates to whether members of the public can identify the difference between a company representative, or "tied" agent, and an independent adviser - and if they can, whether they understand the implications of the differences.

Until these proposals, SIB was relying on the intermediary himself to explain the difference - not an ideal method for investors to get an unbiased explanation.

In future the explanation will be made through the pro-



David Walker, chairman of SIB, which has spent more than three years on the proposed Buyer's Guide.

Two versions will be used - one for company representatives and one for independent advisers, each prepared by the relevant controlling body: Fimbra (Financial Intermediaries' Managers' and Brokers' Regulatory Association) for independent advisers and Lawro (Life Assurance and Unit Trust Regulatory Organisation) for company representatives.

Each version contrasts the service provided by a company representative with that of an independent adviser.

In particular, the guide explains that a company representative is paid by his tied company and that the independent adviser is remunerated through commission from the life company, the amount of

which the investor will be told in due course.

But, in each case, the guide emphasises that this remuneration comes out of the premiums or contributions paid by the investor and that it is not a free service by either. However, the wording could be made a lot stronger.

The guide goes on to set out briefly the rights of investors and the information they will receive. These include:

- The adviser must explain the main features of the contract being recommended. This includes not only the benefits provided, but the investment risks and the costs.
- The adviser must explain the investor's cancellation rights and whether a financial penalty could be incurred.
- The company will provide the investor with full details of the product bought, including the charges and expenses involved, with an indication of the surrender (or transfer) value during the first five years.
- If the adviser is a company representative then this will subsequently be confirmed by the company.
- Finally, the guide effectively reminds investors that the adviser is there to help them, and if they do not understand what is being recommended, or they want more information on any aspect of the sale, they should ask the adviser.

Unfortunately, SIB has not kept up this brevity or clarity in the rest of its proposals on commission disclosure, expense disclosure and product particulars. So when this regulatory system comes into operation in January, investors are going to be swamped with a mass of paper containing a myriad of figures.

Life Assurance and Unit Trust Disclosure - Consultative Paper No 23, available from the Securities and Investments Board, 2 Royal Exchange Buildings, London EC3 3NL. Price £10.

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*Source: Planned Savings Data Services. Fidelity Investment Services Limited group weighted performance, offer to offer, net income reinvested to 15.89.

**Source: Intergraph to 15.89. Offer to bid, net income reinvested. Fidelity Special Situations Trust is No.1 over 7 & 9 years. The Trust is No. 5 over 5 years.

†Offer to bid, gross income reinvested, 7.13.71 to 2.5.89. Over 5 years, 15.84 - 25.89, £2,400 invested in the Trust with no tax deducted would be worth £8,868.

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FINANCE & THE FAMILY

The Week Ahead

British Telecom tracks slowdown in economy

IN A relatively quiet week for results, British Telecom announces its full-year figures on Thursday with analysts expecting a pre-tax profit of about £2.47bn for the 12 months to March 31, compared with £2.26bn in 1987-88.

The results are likely to show a tailing off towards the end of the financial year, reflecting the economy's gradual slowing. Inland telephone calls, which grew by 13 per cent in the first quarter, for example, are expected to have risen by only 8.5 per cent in the final three months.

For the year as a whole, constraints have been provided by the inability to reduce labour costs, because of pressure from Otel, the industry watchdog, to improve services, and by the failure to increase charges.

Analysts argue that the huge capital expenditure should bring longer term benefits, as might the \$1.5bn holding bought in January in McCaw Cellular Communications, the loss-making US cellular phone operator. For the time being, however, the city will closely examine Thursday's statement for signs of concern about slowing consumer expenditure.

M&G Group, Britain's largest unit trust operator, announces its interim results for the six months to March 31 on Thursday, with the City looking for a fairly modest increase in pre-tax profits from £10.7m last time to about £12m.

Although the sector remains far below buoyant pre-crash levels, there was a pick-up in unit trust investment in the first three months of 1989 on the back of the rising stock market.

Margins are expected to have improved, partly reflecting a

rise in charges, although M&G remains below the industry average. Some analysts are cautiously optimistic, with one saying he would not be surprised if he had to raise his full-year forecast of £24m after the interims are revealed. The shares have recovered from Alan Bond's withdrawal at the end of 1988, and after a sharp fall to around 270p are now trading at around 330p.

Over the past fortnight, directors at Imry Merchant Developers may have spent more time worrying about what to do about the recently-unearthed Rose Theatre remains in Southwark, south London, than they have about the annual figures. But the former is unlikely immediately to check the march of the latter. Property companies have been producing a string of sparkling results, even if the stock market has been indifferent.

Imry will not be an exception. With a spate of developments completed, high rental growth in the investment portfolio and some notable sales - such as that of St George's Hospital at Hyde Park Corner to Alan Bond - net asset value is likely to show up in the figures for 12 months to March 31 as at least 50 per cent higher than a year previously. Brokers are expecting NAV per share to come out at 500p or more with pre-tax profits moving up to £22m-23m from £16.1m.

The favourable winds from the direct property market which have been behind Imry will also show up in the interims of MEPC, a much larger investment and development group, which also reports on Thursday. MEPC has a large portfolio of properties that pro-

vides a flexible development programme.

Earnings tend to come through more strongly in the second half, but at the interim stage there would be surprise on the market if pre-tax earnings were around £6m against £48.7m at this time last year. Net asset value is increasing steadily not only from rental growth but from the accumulation of development surpluses and by the September year-end could be more than 80p per share, 12p more than at September 1988.

The profit figure which Storehouse reveals on Thursday for its year to March 31 has been fairly academic since the group, under the direction of chief executive Michael Julien, warned in mid-February of significantly lower profits and a £48m exceptional write-off. The pre-tax number might turn out about £65m, before the write-off, against £107.3m in the previous year, excluding property profits.

More important will be the reaction of Asher Edelman, who controls around 8 per cent of Storehouse's shares and is deemed to have set off an "offer period" although no firm bid has been made. Equally Storehouse will be wanting to present its case for independence, though without giving away too much during this honeymoon.

Westland Group, the helicopter manufacturer which is as well known for its political associations as its manufacturing skills, will announce interim results on Thursday.

The group was severely buffeted by delays in obtaining export contracts last year and revealed a dip in its annual pre-tax profits, after excep-



Michael Julien of Storehouse: warned of lower profits

tional costs, to £17.4m (£18.4m) for the year to September 30.

When announcing those results in December, the company claimed that there had been a sharp improvement in its order book. However, capacity has been dominated by a troublesome Sea King order from India and taxable profits are expected to slip at the half-year stage from £13m to around £11.5m. The second half is expected to be better, with analysts looking for a full-year figure of £24m.

Portsmouth & Sunderland Newspapers, the printing, publishing and retailing group, looks set to unveil pre-tax profits of around £5.5m for the full year on Friday.

At the beginning of the year, it attracted the attentions of David Sullivan, publisher of the Sunday Sport, who bought a 5 per cent stake. It proved only a brief encounter as he soon sold his holding to Associated Newspapers, but it did focus attention on the value of the group and did wonders for its share price. In February, Sir Richard Storey, chairman, announced pre-tax profits of £4.64m for the 39 weeks to December 31 and said that the company was looking for acquisitions. Shareholders will be keen to know if anything is shaping up on this front.

In The News

Norwich Union tests unit market

NORWICH UNION, the insurance group, is moving into the retail market for unit trusts for the first time with the launch next week of three funds: a UK equity growth trust, a gilt and convertible trust, and a Master Trust (fund of funds).

The group already runs several unit trusts which have about £500m under management but these have been used mainly for unit-linked investment plans rather than for selling direct to the public. It has now decided to launch these three new unit trusts as part of a wider expansion in the financial services field, and to follow these with a unit trust PEP and a range of unit-linked investment plans later this year.

The minimum investment is £500 for each of the trusts. The initial charge of 6 per cent is at the high end of the scale for unit trusts, while the annual charge of 1 per cent (which is waived in the case of the Master Trust) is at the lower end. The fixed price offer lasts for three weeks.

future it is going to concentrate on high net worth customers by offering discretionary and advisory stockpicking services.

WITH THE summer holiday season starting soon, Mondial Assistance has come up with a Family Tourer policy providing cover for families travelling to continental Europe by car.

For a single premium, which depends on the length of the holiday, the policy covers the whole family, irrespective of how many dependent children under 16 are accompanying their parents. It covers medical expenses of up to £2m per family, as well as personal public liability of up to £2m and personal accident of up to £20,000. It also includes cancellation and curtailment cover of up to £10,000, and as much as £2,500 for lost baggage.

If something goes wrong with your car while you are on holiday, the policy provides roadside assistance of up to £150, hotel accommodation of up to £100 per person, temporary replacement vehicle of up to £500, unlimited spare parts delivery, up to £25,000 in legal expenses and up to £100 for damage to the car due to forced entry. The premium ranges from £55 for five days to £96 for a month. There is an additional premium of £8 for caravans and trailers.

MIDLAND BANK plans to open several more Share Shops in big cities during the next few months. They will be open to all small investors, not just to Midland Bank customers.

The first Midland share boutique opened in Birmingham in 1986 and initially dealt mainly with privatisation shares. Midland charges commission of 1.5 per cent on the first £7,000 of shares, 0.55 per cent on the next £8,000 and 0.5 per cent above that. There is a minimum charge of £20, plus VAT.

Up to now, Smith Keen Cutler, Midland's wholly owned stockbroking subsidiary, has run the share shop, but in

FOR MOTOR troubles back home, Executive Mobility Assured has launched a policy which gives car-owners a replacement car if their own vehicle is stolen or put out of action because of an accident. For an annual premium of £19.95, you can make two claims of up to 18 days in one year. If you hire a car, you have to pay for the first three days and the policy covers the next 18 days.

IF YOU fly London City Airways often enough during 1989 you can notch up enough free vouchers to invest in James Capel's recently launched European Index fund.

The investment vouchers are worth £25 each and only come with full return flights to Paris, Brussels or Amsterdam, so you need at least three to buy a unit in the fund. Normally the fund requires a minimum investment of £1,000, but airline passengers are being wooed with a minimum investment of £250.

So far, the European Index fund has attracted £8.6m from investors.

Sara Webb

Fidelity returns to PEP market

FIDELITY HAS re-entered the Personal Equity Plan (PEP) market. The company, which was one of the leading PEP plan managers in 1987, withdrew from the market in 1988, arguing that the scheme was too complicated and the tax advantages not great enough to offset the increased costs involved.

Now, after the big changes to PEPs announced in this year's Budget, it is only offering a new-style unit trust PEP restricted to a single investment of £2,400, the maximum permitted.

So you have the choice of two existing funds, each with a good performance track record. These are the Special Situations Trust or the Growth Plus Income Trust. Alternatively, you can split your investment 50/50 between the funds and achieve a mixture of tax-free income and capital growth, although Fidelity will automatically re-invest all dividends, income and reclaimed tax.

No withdrawals are allowed in the first year and after that you can only withdraw a minimum of £1,000 at a time and must retain at least £1,000 in the fund. Fidelity argues that the main advantages of PEPs lie in building up a sufficiently large fund to be used to provide tax-free income or a capital sum.

There are no extra costs involved; only the standard unit trust charges of 5.25 per cent initially and annual management fees of 1.5 (Special Situations) and 1 per cent (Growth & Income Trust).

Fidelity, which already has 23,900 PEP investors in the 1987 scheme, will decide later whether to launch an additional PEP, which will allow you to invest a further £2,400 in shares, or a PEP mortgage, when it has assessed potential demand for these products.

John Edwards

COMPANY NEWS SUMMARY

Company	Value of bid per share	Market price	Price difference	Value of bid	Notes
Amoco	327 1/2	317	10 1/2	19.04	Wesall
Boise Materials	345 1/2	372 1/2	-27	118.49	WDFP
Boston Edison	365	372 1/2	-7 1/2	125.23	Onnecan
Chambers's Pipe	218	215	3	62.27	Ende
Chambers & Fergus	150 1/2	147	3 1/2	5.52	Karlshausen
Coaltel	195 1/2	197	-1 1/2	427.0	Anglo United
Galway	148	147	1	1.735n	Iconocast
Greenwich Market	148	147	1	64.46	Bl. of Yehoshua
Habit Protection	645	71	70	8.56	Silvaco
Health Trust	650 1/2	588	62 1/2	33.6	Fitzpatrick
Keep Trust	207 1/2	205	2 1/2	14.16	Newsum Foods
Ladlaw Thomson	157 1/2	150	7 1/2	13.02	Fitzpatrick
Lambert Horwin	300	297	3	548.22	DMWSS
M&C East & Carry	100	102	-2	76.91	Conrad Higgs
Morgan Stanley	188	215	-27	24.78	Lodge Care
Prop. Co. London	149	125 1/2	23 1/2	401.19	Caron Wyllie
Total	744	719	25	226.53	Carton Comm.
UEI	52	48 1/2	3 1/2	19.82	Haden MacLellan
WA Higgs	52	48 1/2	3 1/2	19.82	Haden MacLellan

*All cash offers. †Cash alternative. ‡Partial bid. §For capital not already held. ¶Unconditional. **Based on 2.20pm prices 26/5/89. ††US suspension. ‡‡Surrender and cash. §§Amended. ¶¶Price before indication of offer. †††14p.

RESULTS DUE

Company	Announcement date	Dividend (p)	Last year	This year
ANGLO AMERICAN CORP S. AFRICA	Thursday	62.5	192.5	70.0
Anglo Leasing	Thursday	1.0	2.5	1.5
Anglo Telecommunications	Thursday	3.75	5.5	4.25
British Telecommunications	Thursday	4.2	6.8	5.0
Carlyns	Thursday	2.5	3.0	3.0
Channel Tunnel Investments	Wednesday	2.2	0.75	0.75
Control Securities	Thursday	2.25	3.76	2.76
Cook Williams	Wednesday	0.9	1.8	1.25
Daniel Holdings	Friday	2.5	6.5	3.0
Edbro	Wednesday	1.2	0.5	0.15
Glaxo	Thursday	2.5	4.18	1.45
Goldberg A S Sons	Wednesday	7.0	20.0	7.0
Handerson Administration	Thursday	2.5	5.0	3.5
Imry Merchant Developers	Thursday	2.0	5.0	3.5
Optometrics (USA)	Tuesday	0.85	1.85	0.8
Plym	Thursday	1.21	4.07	1.51
Portsmouth & Sunderland Newspapers	Friday	1.5	2.5	2.1
Platonia Investment Trust	Wednesday	1.5	2.5	2.1
Royal Nolan Company Sec	Thursday	2.7	6.08	3.575
Shire	Thursday	2.5	6.3	2.6
Storehouse	Thursday	2.5	6.3	2.6

*Dividends are shown net of tax per share and are adjusted for any intervening splits. †South African rand. ‡South African rand. §Swedish krona. ¶1st quarter figures. ††South African rand. ‡‡cents.

PRELIMINARY RESULTS

Company	Year	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)	
Alpine Services	Feb	3,380	(2,570)	24.9 (18.5)	6.0 (5.0)
Alpine Group	Mar	1,280 L	(94)	1.0	1.5
Alpine Services	Mar	6,012	(8,205)	6.22 (8.53)	2.0 (2.0)
Alpine Services	Apr	237,100	(210,400)	35.9 (30.5)	9.3 (8.3)
Bechtel Group	Mar	491,000	(418,100)	39.7 (33.3)	16.0 (14.3)
BEIS	Jan	1,490	(753)	16.0 (9.12)	4.0 (-)
Beisak Airways	Mar	228,000	(228,000)	24.3 (21.0)	7.75 (7.8)
Beisak Airways	Mar	2,180	(2,070)	34.0 (35.9)	14.0 (23.5)
Castings	Mar	3,440	(2,740)	24.5 (17.3)	8.1 (5.0)
Chamber & Hill	Mar	1,870	(1,236)	39.1 (23.8)	8.0 (6.0)
Chillingham Corp	Dec	3,910	(3,059)	-10.5 (5.7)	8.0 (7.0)
City of London	Mar	611	(611)	6.08 (6.08)	2.25 (2.1)
City of London	Feb	14,400	(9,540)	37.6 (23.7)	2.75 (-)
Colvill	Mar	55,900	(28,080)	23.0 (10.9)	7.6 (6.61)
Courville	Mar	197,100	(220,600)	35.7 (40.9)	13.0 (12.0)
de Morgan Group	Apr	2,850	(1,470)	-10.1 (6.27)	3.6 (2.5)
English & Ind	Mar	4,280	(1,000)	10.0 (-)	5.4 (4.7)
Falck	Mar	13,100	(8,619)	23.5 (14.9)	5.0 (3.4)
French Cement	Jan	980 L	(5,028)	16.0 (16.0)	6.25 (5.25)
Geop Frank G	Dec	2,430	(2,020)	13.8 (11.1)	5.5 (4.25)
Harwell	Feb	10,410	(9,740)	8.53 (8.1)	3.1 (2.69)
Imperial Chemical	Mar	689	(689)	7.82 (6.48)	2.45 (2.1)
Land Securities	Mar	143,200	(133,600)	10.9 (10.1)	14.0 (12.5)
Lodge Care	Dec	300	(678)	2.6 (7.8)	2.75 (2.75)
London & Overseas	Mar	1,010	(1,810 L)	0.3 (-)	0.8 (-)
MEPS	Dec	14,100L	(5,200)	- (4.7)	- (1.0)
Monie International	Apr	3,720	(2,540)	4.78 (3.27)	4.5 (3.0)
Perfection Group	Dec	446	(745 L)	0.8 (-)	0.5 (0.7)
Plessey	Mar	195,500	(171,500)	17.6 (16.0)	7.668 (6.66)
REA Holdings	Dec	707	(483 L)	6.2 (-)	3.0 (2.0)
Reedcut Int'l	Mar	18,710	(14,720)	7.25 (6.8)	3.16 (2.73)
Salford Insurance	Mar	478	(477)	2.32 (2.25)	2.91 (2.25)
Thames TV	Mar	31,000	(27,500)	40.7 (36.8)	15.0 (13.2)
Trinoco	Mar	7,510	(5,100)	3.85 (2.75)	1.4 (1.0)
Value & Income	Mar	1,380	(1,220)	- (1.725)	3.0 (2.5)
Vibroplant	Mar	11,070	(7,480)	17.8 (13.1)	3.0 (2.5)
Walker Greenbank	Jan	3,080	(7,100)	2.41 (4.59)	2.25 (2.25)
Wesbury	Feb	36,280	(15,390)	27.0 (12.0)	10.2 (9.2)
Young & Co's	Mar	4,620	(3,590)	21.5 (17.2)	10.2 (9.2)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividend per share (p)
Acorn Invest. Tel.	Apr	35 L (27 L)	-
Albion	Mar	441 (316)	1.3 (1.0)
Alexanders Holdings	Mar	673 (582)	1.7 (1.1)
Apparel Holdings	Apr	380 (140)	3.0 (1.0)
Archer AJ Holdings	Mar	380 (140)	3.0 (1.0)
BAT Industries	Mar	384,000 (276,923)	-
Belt Brothers	Feb	1,690 (812)	1.85 (1.4)
Carlson Comm.	Mar	42,080 (21,580)	3.06 (2.46)
City Site Estates	Mar	1,520 (1,200)	0.8 (0.6)
Colonnade Develop.	Apr	174 (3)	-
Compass Group	Apr	11,700 (9,213)	3.0 (2.4)
Countryside Props.	Mar	11,130 (8,520)	1.3 (1.0)
Dobson Park Invest.	Apr	9,050 (9,110)	1.8 (1.9)
Fairline Boats	Mar	1,820 (1,820)	0.5 (0.5)
F&C Eurotrust	Mar	197 L (151 L)	-
Grosmont Whitley	Mar	19,500 (17,080)	3.3 (2.75)
Hawes & Curtis	Mar	9,050 (7,370)	27.0 (-)
Kyocera G&G	Mar	192 (11)	1.0 (1.0)
Leeds Group	Mar	1,430 (2,130)	5.0 (5.0)
Lombard	Mar	120,000 (80,400)	5.0 (3.43)
Perfection	Mar	125 (828 L)	-
PWS Holdings	Mar	1,780 (2,240)	1.0 (0.5)
Radio City (Mersey)	Mar	622 (308)	3.0 (1.7)
Radio City	Mar	1,020 (608)	2.75 (1.75)
Randall Hovis McDoug.	Mar	81,300 (72,600)	3.82 (3.18)
Richard	Mar	1,750 (1,630)	1.0 (0.9)
Shafsbury	Mar	2,730 (1,460)	2.0 (1.7)
Smart J & Co.	Jan	1,790 (1,120)	1.76 (1.5)
Western Selection	Mar	881 (811)	1.7 (1.5)
Whitney	Apr	2,960 (1,920)	1.0 (0.5)
Whitney & Dudley	Apr	73,100 (11,215)	3.20 (2.15)
Yorkshire TV	Mar	10,400 (7,820)	3.3 (3.0)

(Figures in parentheses are for the corresponding period.) *Dividends are shown net of tax per share, except where otherwise indicated. L = loss. † Figure restated. ‡ Second interim dividend. § Quarterly figures. ¶ Canadian dollars & cents. † Net revenue. †† US dollars & cents. ††† First quarter figures.

RIGHTS ISSUES

CLP-Yemen is to raise £10m via a one-for-four rights issue.
 Shell is to raise £25.5m via a four-for-nine rights issue.
 Richardson Widgels is to raise £2.7m via a two-for-seven rights issue.
 RTZ is to raise £48m via a one-for-seven rights issue.
 Veroplant is to raise £11.7m via a 3-for-20 rights issue.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Alan Paul is to join the USM via a placing of 1.6m shares at 140p.
 Suffer Cox has achieved a full Stock Exchange listing via a placing of 1.7m shares at 175p.
 Fugler is to join the USM via a placing of 2.16m shares at 130p.
 Propeller is to move from the Third Market to the USM via an introduction.
 TLS Range is to join the USM via a placing of 8.31m shares at 60p.

Are your Savings Certificates working hard enough for you?

If you already have fixed-interest Savings Certificates you'll certainly be aware of the benefits.

Your capital is as safe as houses, the interest rate is fixed and guaranteed for five years from the time you buy your Certificates and all that interest is tax-free. There is nothing to declare on your income tax form. So far so good. But are they still working hard enough for you? Perhaps not.

Perhaps you hold Certificates which are more than five years old. If so, they may be earning interest on our General Extension Rate which is now 5.01% pa, tax free.

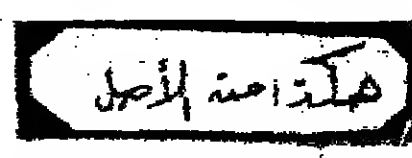
You might do well to consider our 34th Issue, with its five-year guarantee. If you hold it for the full five years you will earn 7.5% pa, tax-free.

You can reinvest up to £10,000 in 34th Issue from matured Certificates. And you can also hold up to another £1,000 worth of 34th Issue. (This is the normal limit.)

This way, your investment will again be working hard for you.

Ask for the Repayment and Reinvestment form (DNS 502MA) at your post office or bank and send it to the Savings Certificate Office, Durham, along with the Certificates you want to reinvest. For more details ring 0253 793090, 9am to 9pm including weekends.

NATIONAL SAVINGS



FINANCE & THE FAMILY

David Barchard reports on an increasingly popular innovation in the UK mortgage market
Securitisation: the new name of the game

IF YOU have a mortgage from Barclays Bank you may have received a letter telling you that the bank is considering "securitising" your mortgage and outlining the effects of this.

Securitisation of mortgages is relatively new to the UK, where it began only in 1987. In the US it is a long-established practice and about 60 per cent of mortgages are securitised. Barclays' decision to have a trial securitisation is one of several signs that the practice is catching on here too.

Last year £4.5bn of UK mortgages - about 6 per cent of the total issued during the year - were securitised, though none of these belonged to the clearing banks and the building societies, largely because the Bank of England had not spelt out guidelines for British lenders regulated by it.

Your mortgage was only likely to be securitised if it came from the new mortgage lenders who have entered the market in the last five years and currently account for about 15 per cent of mortgages.

This spring the Bank of England issued its rules on how institutions which it regulates are to conduct securitisation, hence the Barclays move, which is something of a brave experiment in bad times. The depressed state of the mortgage market means that 1989 is going to see many fewer secur-

itisations than last year.

Barclays describes the proposed securitisation as "research and development" rather than a new mainstream activity. The first package of securitised mortgages is likely to be put together around the end of the month when Parliament has removed a tax snag which was inadvertently introduced by this year's Budget.

What is securitisation? It sounds fearsome, but the idea behind it is relatively simple.

A mortgage lender packages a group of mortgages into a portfolio. This then becomes a bond or instrument which can be sold and traded on the Eurobond market. This is good for the lender - who is freed to go ahead with new lending - and for the purchaser, who buys a high quality security very similar to a gilt.

But is it a good thing for the homeowner, whose home loan has now been sold to someone else (probably a foreign bank) without his or her knowledge?

Mark Wood, managing director of Mortgage Systems, a company which administers mortgages on behalf of other institutions, says that in practice securitisation will make virtually no difference to the consumer. Administration of the mortgage will not change hands when the mortgage itself is sold, and management of the interest rate is unlikely to be affected either.



In practice this should mean that a Barclays customer whose mortgage has been securitised will continue to correspond with the bank's mortgage processing operation and have his rate adjusted in exactly the same way as someone whose mortgage has not been sold off.

In theory the mortgage's new owner might try to adjust the rate. To do so, however, would be administratively difficult and would disrupt the securitised mortgage market, so it seems unlikely.

Securitisation may affect you if you are a homeowner who has difficulty meeting monthly payments commitments. Lenders have traditionally had a degree of flexibility here and some building societies have been known to turn a blind eye to a borrower with a

regular income but who is temporarily unable to make monthly payments in full.

"Forebearance" is the trade term for this blind eye, and if your mortgage is securitised, the mortgage administrator has very much less scope for being gentle.

Indeed, if the mortgage statisticians have done their job, forbearance should not be necessary. Only the highest quality mortgages are eligible for securitisation, quality being determined by such factors as the age of the loan and the amount of equity the customer has in the house. Mortgages should have been running for more than six months and be for not more than 75 or 80 per cent of the value of the property to qualify for securitisation. These are the types of

loan that ought not to get into trouble anyway.

There are other restrictions too, carefully assessed by statisticians to spread risk evenly in each portfolio. Mortgages in Scotland and Northern Ireland are not favoured for securitisation, perhaps because they tend to be smaller. There is a search for the wealthier, more sophisticated homebuyer.

Well-off borrowers tend to raise only one recurrent problem: they often spend part of their career working as expatriates, renting their home while abroad. Lending on tenanted accommodation is rated as a much higher risk for lenders than owner-occupied dwellings. "There is a much greater risk of the deterioration of the fabric in tenancies," says Wood.

If you do let out your home while abroad, you might face more difficulties if your mortgage comes from a lender who goes in for securitisation than if it comes from one who does not. What you may be able to persuade the lender to do is to take your mortgage out of the "pool" of securitised mortgages in the portfolio and so ease the restrictions on you.

In the US consumers have another complaint. They say that selling a house is more awkward with a securitised mortgage because it upsets a lot of administrative arrangements and contractual arrangements between several differ-

ent parties.

Securitized mortgages involve a cluster of relationships. Apart from the borrower and the original lender, there is also the institution acting as trustee for the bond, the new owner of the portfolio - and the company acting as administrator of the mortgages, though in some cases this will still be the original lender.

Wood says he believes that the administrative resistance which tended to crop up in the US when homeowners with securitised mortgages tried to sell their properties will not happen here. "The restrictions there tended to arise from the problems of the US Savings and Loans institutions and have no parallel here," he says.

Though Barclays is writing to warn customers that its mortgages may be securitised, many other lenders have equipped themselves with the power to securitise the loan by burying a clause in the small print of their contracts.

Building societies do not look likely to securitise in the immediate future, because they are awash with funds and do not need the extra lending power securitisation gives. If you are worried about securitisation, you should discuss it with your broker when taking out a mortgage. His advice almost certainly is that it will make no practical difference to your position.

Premium for each £10,000 contents		
Plan	Highest Rated Area	Lowest Rated Area
One Star	165.00	22.00
Two Star	135.00	24.00
Three Star	150.00	30.00
Four Star	190.00(a)	38.00(a)
Five Star	170.00(a)	48.00(a)

(a) Excluding valuables and portable possessions, and subject to minimum levels.

GA is to offer a trail-blazing policy of discounts on home insurance. Eric Short reports
'No-claims' bonus plan on home cover

IF A motorist has a trouble-free year - either by good driving or good luck or both - and does not make a claim on his insurance, his insurer reward him with a reduction in his next premium through the no-claims discount system.

No such reward has been available to householders who have had a claim-free year on their home insurance policies. Two leading insurance companies, General Accident and Eagle Star, did for years operate a no-claims bonus system whereby householders with five claim-free years received cover free in the sixth year, but it was a cumbersome system and both companies eventually dropped it.

But now General Accident is trail-blazing again, reintroducing rewards for householders who do not make claims as part of a complete revamp of its house insurance contracts.

Research by GA on what the public wanted from home insurance contracts showed that the majority still do not fully accept the collective responsibility inherent in an insurance arrangement. They want to be rewarded for not claiming. If they have not made a claim on their house insurance, they somehow feel that they have missed out. This attitude has hardened as premium rates have soared in the high-risk inner city areas.

This time, GA has styled its bonus system on the well-tried format for motor insurance, so that the rewards for a claim-free year apply immediately. However, it is proceeding cautiously. No-claims discounts will only be available on two of the five new house contents contracts being launched.

The initial scale of discounts range from 5 per cent after one claim-free year to 20 per cent after four years. A householder making a claim will go back two years in the scale for determining the discount on the next year's premium.

Existing GA policyholders holding a contents policy with at least the past year free of claims will start at the 5 per cent discount, but will have to build up to the maximum discount.

This scale seems paltry beside the existing scale for motor insurance, where discounts can be as high as 65 per cent of the basic premium. However, GA is not increasing its basic contents premium rates, so high discounts and over-generous treatment of existing policyholders cannot be expected.

One problem is that the discount is cut back or taken away when the householder makes a claim, irrespective of whether or not it was his or her fault. This system has already caused resentment among motorists, but it could

be even worse in household insurance, where in most cases the householder can truly state that the claim was not his fault. Imagine the effect, for example, on policyholders of losing their no-claims discount as a result of the October 1987 hurricane.

No-claims discounts might be trail-blazing, but in other areas of its policies GA has put the clock back 20 years or more by breaking away from the new-for-old concept, under which an item lost, damaged, stolen or destroyed is replaced by a new one or the cash value.

The survey showed that many householders are deterred from taking out contents insurance because of the high cost of new-for-old cover, and would like the choice of cheaper alternatives.

So GA has resurrected the almost forgotten indemnity basis, which pays the cost of replacement less a deduction for wear and tear. It is expanding the use of the concept of partial new-for-old, where items more than five years old have a deduction in value for wear and tear.

GA has devised a star rating for its new contents insurance product range as follows:

● One Star Budget - a no-frills policy providing indemnity cover only.

● Two Star - wider cover on a partial new-for-old basis with optional accidental loss or damage additions.

● Three Star - as for Two Star but on a full new-for-old basis with optional accidental loss or damage.

● Four Star - includes accidental damage in the cover but on a partial new-for-old basis.

● Five Star Maxplan - complete cover on a new-for-old basis. The no-claims discount applies only to the Four and Five Star plans.

One can understand GA's rationale of trying to provide a choice of cover. But do the householders themselves understand what they are buying?

At the time of taking out the insurance policy the lower premiums look attractive, especially to a young couple buying their first house and under cash flow problems. The crunch comes when a claim arises, when for cover on anything less than a new-for-old basis the settlement not meet the cost of replacing the items affected. The amount deducted for wear and tear is subjective and thus open to dispute.

However, where you live is still the most important influence on premium rates, as illustrated in the accompanying table for the highest and the lowest rated areas in Great Britain. No-one in a low rate should seriously consider a basic indemnity policy, but those in the high rated districts may well be tempted to do so.

Barings' timely index tracker

WITH EXCELLENT timing, bearing in mind the turmoil in the currency markets, Barings is launching next week what is claimed to be the first international index fund that allows you to protect yourself against movements in foreign exchange rates.

The World Index fund, based in Guernsey, will allow investors to track the indices on the London, New York and Tokyo exchange by use of futures contracts. At the same time you have the choice of hedging your investment in any one of four different currencies - sterling, the US dollar, Swiss Franc or the yen.

As a result the umbrella World Index fund includes 12 funds altogether, divided into two sections. The three index funds and nine hedged funds cover the different permutations available, such as following the Japanese market, and hedging your investment against fluctuations in the value of sterling.

Barings is using what it calls synthetic indexation by using a

futures index contract to replicate the performance of the market. For London this means using the "Footsie" (FTSE 100 share index) contract; for New York S & P (Standard & Pooters) 500 index futures and for Tokyo the "Topix" (1st section index) contract.

John Bolsover, chief executive of Barings Investment Management Holdings, says this allowed the fund to match both the capital growth and yield on the index, since the cash set aside on deposit for the futures contract earned interest. The hedging facility enables you to protect your return in the currency of your choice.

Minimum investment is £5,000 or its equivalent in the other currencies. Initial offer period is June 5 to 15. There is an initial charge of up to 5 per cent of the subscription price and annual management fees are 0.28 per cent for the share index funds and 0.42 per cent for the hedged versions.

John Edwards

'The Single Market, an opportunity for B.A.T. Industries to grow'

Patrick Sheehy, Chairman of B.A.T Industries p.l.c., stressed the opportunities offered to business by the single market in Europe in his address to shareholders at the company's Annual General Meeting on 25th May 1989. Other points he emphasised were:

- Europe accounts for 50% of Group turnover and 40% of trading profit.
- B.A.T Industries has invested around £2.7bn in Europe in the last five years; 74,000 people are employed.
- We must ensure that the single market encourages enterprise rather than regulating it out of Europe.
- The single market is an opportunity for Europe to grow rather than closing the door on unwanted competition.
- There is an inevitable trend towards greater integration in Europe.
- It is important that London remains the predominant financial centre of Europe.



B.A.T INDUSTRIES

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Copies of the full speech are available from the Company Secretary, B.A.T Industries p.l.c., Windsor House, 50 Victoria Street, London SW1H 0NL.

FINANCE & THE FAMILY

The problems of authorisation

FIFTEEN MONTHS after applying for authorisation under the Financial Services Act, there are still a considerable number of investment firms which have not been accepted, as listed below.

The clients of these firms are not covered by the City's compensation fund - unlike the clients of other investment firms. The fund, which pays out the first £30,000 of an investor's loss and 90 per cent of the next £20,000, came into effect last August. It has already been used to compensate clients of at least one failed investment firm.

The firms listed are technically known as "interim authorised," but don't be fooled by that. The point is that they are not authorised. They are only allowed to carry on in business while they apply for authorisation before the cut-off date of February 27 1988. Their cases are still being considered.

The list was far longer at the start of this year. As it shrinks, the proportion of firms on it which are having problems meeting the regulatory requirements is growing.

About one in four have had their applications for authorisation refused, but are able to carry on in business while they appeal. This compares with under one in ten who were under appeal nine months ago, when the list contained 2,000 names.

"Says one regulatory body: "As time goes on there is a larger proportion of people on the list that the regulators are having problems with."

However, the listed firms are not totally unregulated. They are subject to review in the same way as fully authorised

firms. Says one chief executive of an SRO: "It isn't just a matter of letting the thing sit on the job and boil over - although it would be wrong to draw the inference that nothing could go wrong."

There may be a number of reasons for being on the list, some of them likely to cause more concern to investors than others. Unfortunately there is no way of telling one from another, since no public distinction is made. Some reasons are as follows.

Around one in four of the firms have had their applications to join a regulatory body rejected but are under appeal.

but which are appealing against the decision. Currently, these are Acheson Corfield and Mordens, both London-based.

Very few of the firms that the AFSD has rejected in the past have appealed successfully. Only four have made it through to full authorisation after being turned down on their initial application. This compares with 30 firms which have ceased trading since being rejected by the Association.

Three firms - Afor Investments, CSTC and Priority Life and Pensions - have been suspended by the regulators and are not allowed to conduct

standing. A handful of the firms (perhaps a dozen) are based overseas and have international reputations. However, they are not regulated in their home territory to do the type of business they do in the UK (for instance, investment management, which is more tightly regulated in the UK than elsewhere).

This means that the British regulators cannot rely on the regulators back home to do their job for them. The firms concerned have not come up to UK standards (for instance, by providing the necessary capital to back their UK business), and so cannot be authorised here. The problem is compounded by the fact that most are UK branches, and so cannot be capitalised separately. This presents almost a Catch 22 situation for the regulators: disapproval is now underway to find a way of authorising these firms.

In the meantime, their clients are not covered by the compensation fund. However, their international reputations suggest that they are not likely to fold overnight. Firms in this category include Chase Manhattan Futures (UK), Dillon Read, Fleming Capital Management Inc, JP Morgan Investment Management Inc, Kidder Peabody and Shearson Lehman.

The list below does not include a further 51 overseas-based institutions which are interim authorised, but which are regulated at home to do the sort of business they do in the UK. Their full authorisation awaiting co-operation agreements between the SIB and the home regulators.

Richard Waters reports on the path taken by investment firms seeking acceptance under the Financial Services Act

The regulators have not identified these firms individually. As the Securities and Investments Board says, "It is possible that a firm that appeals will have its verdict overturned. If we go round saying at this stage that it is not fit and proper, we could do irreparable harm to its business."

The Financial Intermediaries Managers and Brokers Regulatory Association, which regulates mainly small independent financial advisers, says that 40 firms are appealing against its rejection. This is about a quarter of the 170 that have applied but which are still only interim authorised.

Only the Association of Futures Brokers and Dealers, which regulates futures firms, announces publicly the names of firms which it has rejected

any investment business, at present. A fourth, Noble Warren Investments, last week became the first firm to lose an appeal to the Financial Services Tribunal to have its rejection by the SIB overturned.

Other reasons for not making it to full authorisation include an inability to come up with the financial resources necessary to carry out a particular type of business, or disputes with regulators over which category of authorisation a firm should be in.

Some reasons for being on the list are more obvious. Some firms may have changed their business plans since submitting their applications. A number of the FIMBRA applicants may be deciding whether to become tied agents rather than stay independent, though their applications are still out-

'Interim authorised' investment firms

- 21st Century Real Estates, London W13; A. Qureshi Associates, Ilford; A.L. Goss Insurance Consultants, Weston-Super-Mare; A.M. Rook, Crediton; Abercrombie Finance Ltd, London SW1; Acheson Corfield & Co. Ltd, London SW1; Adelacourt Ltd, Manchester; Afor Investments Ltd, London EC2; Agraffe Ltd, Shaftesbury.
- Alkiba Financial Services, London N16; Albaraka International Bank Ltd, London W1; Alexander Carter Insurance Brokers Ltd, Sutton; Alliance Financial Management Partnership, Crawley; Amethyst Investments Ltd, London W1; Anchor Financial & Insurance Services Ltd, Peterhead; Andrew Reed & Company, Watford; Arlington Insurance, Manchester.
- B. Whitmore Financial Services Ltd, Surbiton; B.M.T. Financial Services Ltd, London W1; Barbican Asset Management Ltd, Callington; Barron Lodge, Bristol; Barry Clayman Concerts Ltd, London W1.
- Beauchamp Financial Services, Leamington Spa; Beaumont Le Sage Ltd, London EC2; Beach Hill Pension Trustees Ltd, Altrincham; Belden And Blake (UK) Incorporated, London SW1; Berkeley Credit Company Ltd, London SW5; Booz Allen and Hamilton International (UK) Ltd, London W1; Brian J. Stewart Investment & Insurance Services Ltd, Banff; Broad Securities Ltd, Birmingham.
- C & J Investment Services, Harrow; C.B. Parikh, Kidderminster; Caledonian Investment Management Ltd, Manchester; Cameron Macintosh Ltd, London WC1; Cameron Mackintosh (Overseas) Ltd, London WC1; Casterton Ltd, Haslemere; Catchafavour Ltd, London NW10; Chancery Insurance Management Ltd, London W1; Charterhouse Mercantile Securities Ltd, London W5; Chartwell Securities Ltd, London EC2; Chase Manhattan Futures (UK) Ltd, London EC2; Chintung Europe Ltd, London EC4.
- Cleveland Capital Management Plc, London W1; Compacc, Sandy, Beds; Cornhill Management Ltd, London W8; County Financial Services (Pensions) Ltd, Manchester; Courtyard Financial Services Ltd, Esher; Cowie Group Pension Scheme Trustees, Sunderland; Cranehind Management Ltd, Haywards Heath; Crawford Insurance, Wrixton; CFT Europe Ltd, London EC8; CSTC - Computer Systems Trading Co Ltd, London EC1; D & J Finance Company Ltd, London E1; D. Derrick, Swansea; D.W. Thomas (Pensions) Limited, Redhill; David Cotton and Company, Tunbridge Wells; David Pugh Ltd, London W1; David Worth & Company Ltd, Birmingham; Deekay Financial Services, Doughty; Deltaoil Overseas Inc Panama; Panama: Dillon, Read Ltd, London W1; Dividend Analysis Ltd, London EC2; Dumbartonshire (Solicitors) Estate Agency Ltd, Dumbarton; ECL Management Ltd, London WC2; Edwin Hargitt & Co Ltd, London SW3; EFG (Investment Services) Ltd, Oxford; Empire Group (UK) Ltd, London E1; Equator Investment Services Ltd, London EC2; Escombe Associates, Croydon; Falcon Corporate Services, London W1; Falmouth Oil Ltd, Falmouth; Felinraig Ltd, Windsor; Financial and Management Accounting Services, London NW9; Financiere
- Credit Suisse-First Boston, London W1; First Equity Financial Management Ltd, Cambridge; First Venture Capital (UK) Ltd, London W1; Fleming Capital Management Ltd, London EC2; Flexi Finance and Investments, London E1; Fraser Simpson Overseas (Financial Services) Ltd, Isle of Man; Freud Lemos Ltd, London WC1; Frilsons Insurance Services, Swindon; Galacorp Ltd, London W1; Garram Asset Management, London EC3; George A. Apple Financial Management, Boreton; George Risk International Finance Ltd, London EC4; Gerhard Martens, Torquay; Goldcrest Financial Management Ltd, Windsor; Gordon Haw (Financial Services), Hartlepool; Gregory Major Insurance Services, Bergen, West Germany; Grimley, J.R. - Eva (Financial Services) Ltd, London W1; Grosvenor Trust Company Ltd, London W1; H & M Financial Planning Services, Wolverhampton; H B Investment Services Ltd, Leeds; Hackremo Ltd, London EC2; Hadleigh Crawford (Life and Pensions) Ltd, London E6; Hants Finance Ltd, London SW1; Bournemouth; Harvard Securities Plc, London SE1; Haviland Financial Services Ltd, London N22; HMC Securities Ltd, High Wycombe; Home For Life Plc, Crawley.
- Independent Financial Advice Center - (Rickmanworth) Ltd, Rickmanworth; Independent Money Information Ltd, Dundee; Investment & Financial Services Ltd, Leeds; Invincible Contracts Ltd, London E1; Islamic Investment Company Ltd, London WC1; J M A Associates, London W1; J P Morgan Investment Management Inc, London SW1; Jarratts (Bond Management) Ltd, London W1; Jeffrey Quinn Consultancy Services, London SE26; JMB Real Estate Group Inc, London EC2; John Wilson Financial Consultants, Canterbury; Joint Financial Services Ltd, London EC1; Julius Bear Investment Management Inc, London EC3; K W C Investments, Sidcup; K. Poreby, London W7; Ken Redpath Financial Services, West Lothian; Kenneth John, Bridgend; Kent Information Services Ltd, Dover; Kent Insurance Consultants, Southall; Kidder Peabody & Co Ltd, London EC2; Kidder Peabody Securities Ltd, London EC2; Klenner Securities Ltd, Munich, West Germany; Knight Williams Investment Services Ltd, London W1; Lampiers Financial Planning Ltd, Bristol; Leon Menzies Ltd, Buckhurst Hill; Lewis Albin & Company, London EC2; Lichfield Financial Services, Lichfield; Lloyd & Company, Birmingham;
- M R Lawson & Sons, Birmingham; M.A. Coleman Associates Ltd., Pontnewydd; M.M. Insurances Services, Herne Bay; Malik Property Group, Ratchdale; Managa Investment Services Company, Tunbridge Wells; Manchester Unit Trust Administration Ltd, Manchester; Mancion House Securities (UK) Ltd, London EC2; Marbohey Ltd., Sale, Maritime & Air International Ltd, London NWS; Martin Management Co Ltd, Worcester; McIntosh Hamson Hoare Govett International Ltd, London EC2; McIntosh Martin & Co Ltd, London EC2; McElish and Company, Lincoln; Mellon Securities Ltd, London EC2;
- Metropolis Theatrical Productions Ltd, London SW1; Midland Financial Consultants Ltd., Shrewsbury; Minerva Securities Incorporated, London SE1; Minto Associates, Grangemouth; Mitchell Clarke & Company, Sheffield; Monarch Assurance Services Ltd., Sale.
- Money Concepts International, London E1; Money Management Financial Services, Wickford; Montano Securities Plc, London W9; Moriens Ltd, London EC3; Moss Insurance Consultants, Bournemouth; W Zeschmar Klockner & Co KGAA, London EC4; Muipace Securities, London EC3; Munro Corporate Plc, London EC2.
- Neal John & Company, West Harrow; Nelson Trust Corporate Financial Services, Redgate; New Sovereign Insurance and Mortgage Consultants Ltd, London N15; Newchurch & Company Ltd, London EC1; NM Schroder Financial Management International Ltd., Guernsey; Nobel Investments Ltd, Wareside; Noble Warren Investments Ltd, London W1; Norwich Insurance & Finance Services Ltd, Norwich.
- Odyssey Mortgage Ltd, London SE1; Ordinance Ltd, Birmingham; Overseas Corporate Funds (UK) Public Ltd, London W1; Owner Occupier Mortgages Ltd, Altrincham.
- P.A. Consulting Services Ltd., London WC1; P.L.T. Financial Services Ltd., Woking; Parke and Company Ltd., London W1; Popharse Ltd., London SE1; Permitts Brown Ltd, London W1; Peter Sutton (Help Line), Wallsall; Pfisaf, Ilford; Piper Jaffray & Hopwood Incorporated International, London EC3; Pipalim Financial Services, London EC3; Placem Insurance Agency, London W2; Plantation Futures Ltd, Eickham, Fochester (London) Ltd, Bristol; Powsy Consultants Ltd., Powsy; Priority Life and Pensions, Sheffield; Professional Investment Consultants, Leeds; Protected Asset Management Ltd., London SW3; Pullmann Estate Agents (Finance & Insurance), Slough.
- R. & G. Financial Consultants Ltd, London EC1; R.A. Conboy Insurance Services, Stamford; R.M. Wade (Life and Pensions) Preston; R.K. Shops & Business Sales, Milton Keynes; R.T.B. Investment & Financial Services, London W9; R.W. Associates, London N1; Rampart Securities, Chobham; Ravensbourne Registration Services Ltd., Beckenham; Reed International Consul-
- tancy, Birmingham.
- Regentrest Financial Services Ltd., London W1; Rhein-Deel-Gesellschaft-Mit-Boston SE1; Richard Brann & Company, Stevenage; Rockefeller & Company Ltd., London EC2; Rowe Price-Fleming International Inc., London EC2.
- Sallman Barrington Larrance (United Kingdom) Ltd., London W1; Sealers Ltd., Oxfordshire; Shearson Lehman Hutton International Inc., London EC2; Shearson Lehman Hutton International Inc., London EC2; Shephard & Company (Jersey) Limited, Jersey; Simgo & Company Ltd., Edgware; Simon Matthew & Company Ltd., Ingatstone; Sleipner U.K. Ltd., London W1.
- Smith Barney Harris Upham International Inc., London EC2; Spectrum Capital Ltd., London EC3; Spencer Thornton Northcote Ltd., London EC2; Stagegreen Productions Ltd., London W2; Stanton Devonport & Company Ltd., Croydon; Stellar Corporate Management, London SW15; Steve Goodge and Associates, Luton; Stoneleigh Investments Financial Planning Ltd., Coventry; Stoneleigh Investments Management Services, Coventry; Strutt & Parker Financial Services Ltd., Lewes; Sunfell Ltd., London SW7; Surgery Development & Finance Ltd., West Midlands; Swebey Cowan Financial Services Ltd., London W1.
- The Corporate Initiative System Ltd., London EC3; The Policy Network Ltd., London EC3; The Really Useful Financial Services Ltd., London W1; The Southern Independent Financial Advisor, Southampton; Theodore Allen & Company, London W1; Total International Ltd., Paris; Trans Action, Stourport-on-Severn; Tudorbury Life & Pensions Ltd., London W1.
- UCB Bank plc, Wallington; UCB Group plc, Wallington; UCB Home Loans Corporation Ltd., Wallington.
- Van Lessen Richardson & Co, London E1; Vanguard Investment Planners Ltd., Southall; Venetis Securities Ltd., London E18.
- W.M. Asset Management Ltd., London WC1; W.M. Trustee Company, London WC1; Walker and Associates Ltd., Kingston-Upon-Thames; Wertheim Schroder International Ltd., London EC2; Wittonhill Corporation Ltd., Wembley.
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Shareholders' Funds	£1,103m	Up 21.2%
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* (Source: MICROPAL) ** (Source: AITC)

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For information on how you can invest from as little as £25 per month in the Globe Share Investment Scheme, and details of Globe's Annual Results for 1988, post this to: Anne Rogers, Globe Management Limited, FREEPOST, Globe House, 4 Temple Place, London WC2R 3BR.

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Although share prices can fall and past performance is no guarantee for the future, Scottish Investment Trust, with assets of £468m, has been creating wealth for over 100 years and has a reputation to maintain.

Source: Miroval Ltd

SCOTTISH INVESTMENT TRUST
PLC

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The Financial Times proposes to publish this survey on:

17 JULY 1989

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The Financial Times proposes to publish the following surveys during the course of this year.

Wales, 11th September 1989
Bristol, 24th November 1989

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FINANCE & THE FAMILY

Anthony Casswell looks at life assurance contracts
Check your policies

THE INTRODUCTION of independent taxation for married couples next April will not affect only income and capital gains taxes - it could also affect the taxation of your insurance contracts, so now would be a good time to examine any contracts you have in case some careful planning is required.

There is no capital gains tax on any life assurance or deferred annuity contract, provided that you are the original owner or that it was given to you either by assignment or through a policy trust. However, that does not mean the policy proceeds are tax free.

Policies are classified as either qualifying or non-qualifying by the Inland Revenue. The proceeds of qualifying policies which remain unaltered throughout the term are tax free at maturity.

The proceeds of non-qualifying policies give rise to chargeable events, as a result of which income tax may arise at the difference between the higher and basic rates - currently 15 per cent.

If you have a whole life, endowment or unit-linked assurance policy under which level regular premiums are payable for 10 years or more, with the prescribed level of life cover, you will have a qualifying policy. Temporary life policies can qualify with shorter terms.

All other policies, including single premium bonds issued after March 19 1988, are non-qualifying, so that chargeable events may arise at death, maturity, total or partial surrender, or if you sell them.

A chargeable event will also arise on a qualifying policy if

you stop paying premiums before the end of 10 years, or any shorter period which is less than three quarters of the original term.

On all life policies effected before March 26 1988, and qualifying life policies started before March 14 1984, you are entitled to Life Assurance Premium Relief (LAPR), provided that the policy is written on the lives of one or both spouses and that one or both of you pay the premiums, while you are residing in the UK.

LAPR was reduced from 15 to 12.5 per cent from April 6

On termination of a non-qualifying contract, the chargeable gain is broadly the difference between what you take out and what you have put in. Account is taken of any earlier partial surrenders and any tax paid on them. The gain is regarded as your top slice of income.

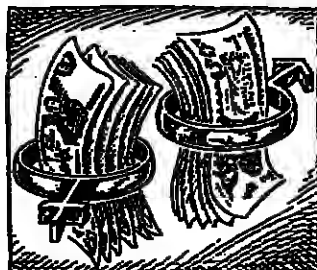
For example, if you invested £2,000 in a managed bond five years ago and surrender it now for £3,000, your chargeable gain will be £1,000, but if you have taken annual withdrawals of 5 per cent of the single premium - £100 for each of the past four



years - your chargeable gain will be £1,400.

If you are a higher-rate taxpayer the charge will be at 15 per cent on £1,400, which is £210. But suppose that, after allowances, your total income is £300 below the basic rate limit.

Under top-slicing relief provisions the £1,400 gain will be divided by the five years that you held the bond to produce an annual gain of £280. After adding £280 to your income you will still be below the



INDEPENDENT TAXATION FOR MARRIED COUPLES

basic rate limit so you will pay no tax on your gains.

Unlike capital gains, each insurance contract is assessed individually for chargeable gains, and you cannot offset the losses of one contract against the gains of another.

If you are a higher-rate taxpayer and your spouse is not you should delay surrenders of non-qualifying policies with gains until next April. In the meantime you should assign such policies to your spouse, for surrender after April, without any tax penalty.

These tactics could apply if you hold guaranteed income or growth bonds which are due to mature before April 6, 1990, but which include an option to extend the term.

If you are thinking of taking out any new single premium policies, whether they be investment bonds, guaranteed income or growth bonds, or purchased life annuities, buy them in the name of the spouse who will not be a higher-rate taxpayer next year.

There is no capital gains tax, no inheritance tax and no chargeable event when insurance contracts are transferred between spouses. But, as both capital gains and insurance chargeable gains are assessed as the top slices of income, the effect can be cumulative.

Clearly, some careful planning now could yield handsome tax savings after next April.

Disposal of house

I WAS granted an enduring power of attorney last October for an elderly spinster aunt who, because of failing health, was forced to sell her house and take up permanent residence in a nursing home.

Her income prior to this was little more than the basic pension for someone over 80. She had no income tax liability nor had she received an income tax return for nearly 30 years.

As the house proceeds have been invested in a high-yield building society account and a high-interest current account, her income will be above the tax free allowance. However, she will have no tax liability because of the tax-paid income, nor will she currently have a tax refund.

Do I have to request an income tax return from the tax office or can I leave the matter until the tax office makes the first move?

I realise that I may be able to maximise her income by using a safe source of gross income, such as the investment department of the national savings bank. This I can do when the long-promised funds for attendance allowance arrive.

■ We recommend that you advise the tax office of your aunt's change of address and ask for a tax return form, so that the fact that there was no chargeable gain (presumably) on the sale of her house may be formally determined.

Although you can, of course, fill in the form for your aunt, she will have to sign it herself.

Inland Revenue Statement of Practice A13 says that they consider that the obligation to make the statutory declaration that one's tax return is to the best of one's knowledge, correct and complete is within the class of statutory duties which a taxpayer cannot delegate to an attorney. If there are special circumstances you should out-

line the particular difficulty to the inspector.

Credit is refused

A FINANCIAL services company has refused me credit facilities. This does not bother me as I am able to obtain credit elsewhere. What does concern me is the loss - so far unexplained - of my credit rating.

As I am earning £17,000 a year, have been in my employment for 25 years, have no mortgage, do not pay rent and have only a master loan outstanding - which is paid by direct debit - I consider that the refusal of credit is an insult.

Could you advise what action I can take to restore my credit rating?

■ You should make a formal application to the company, giving written notice under Section 21 of the Data Protection Act 1984, requiring them to inform you of any data held by them relating to you (and offering to pay their proper fee). Unfortunately, this might be of no avail if the data is held by another concern. In that case, your only course would seem to be to engage an inquiry agent to see if he can unearth the source of the company's response.

2. We have a joint bank account, into which her dividends are paid as well as my own. Should her dividends be paid into an account in her own name?

3. How does one make it abundantly clear that one's wife is free to spend the income and proceeds of any sale in any way that she likes? Must one write her a letter to this effect every time one makes her a gift, or is there any other suitable way?

■ 1. There is no reason why you should not do so.

2. It is sufficient to continue with the joint account, but it is desirable that your wife should operate the account herself as well as your doing so.

3. There is no need to write a number of letters, but one general letter setting out the position, coupled with actual drawings made by your wife on the joint account for her sole use, would be desirable. If all operations on the account were effected by you, it might be concluded that your wife was merely a nominee.

Joint-owned investment

My wife and I jointly own our house valued at over £200,000. My half is left on my death to my four children and so too is my wife's half.

If on the death of one of us, the survivor wishes to sell - and I assume the children acquiesce in this - will there be: 1) any particular legal and financial problems for the survivor? 2) supposing that the survivor's half is insufficient to buy a particular property, would the heirs of the other half be able to lend sufficient money from their half to enable the survivor to buy that property without incurring penalties? Could they buy half the new property and

Q&A
BRIEF CASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

allow the survivor to live in it rent-free for their half?

The house was divided to cut inheritance tax. A casual conversation with a friend suggested there might be legal as well as financial problems on the death of one of us.

■ There should be no obstacle to the surviving spouse's ability to insist on a sale if she or he desires it. Likewise there is no legal impediment to the children making a loan out of their share to enable a new house to be purchased. We assume that the present form of co-ownership is as tenants in common in equity.

The only problem you might encounter is the possibility that a surviving spouse who does not sell might be subjected to a revenue claim that there is a benefit reserved to him or her if he/she continues to reside in the whole property. A gift to the children of less than a full half interest in the house might therefore be preferable.

MUSEUMS AND ART GALLERIES

The Financial Times proposes to publish this survey on: 17th June 1989

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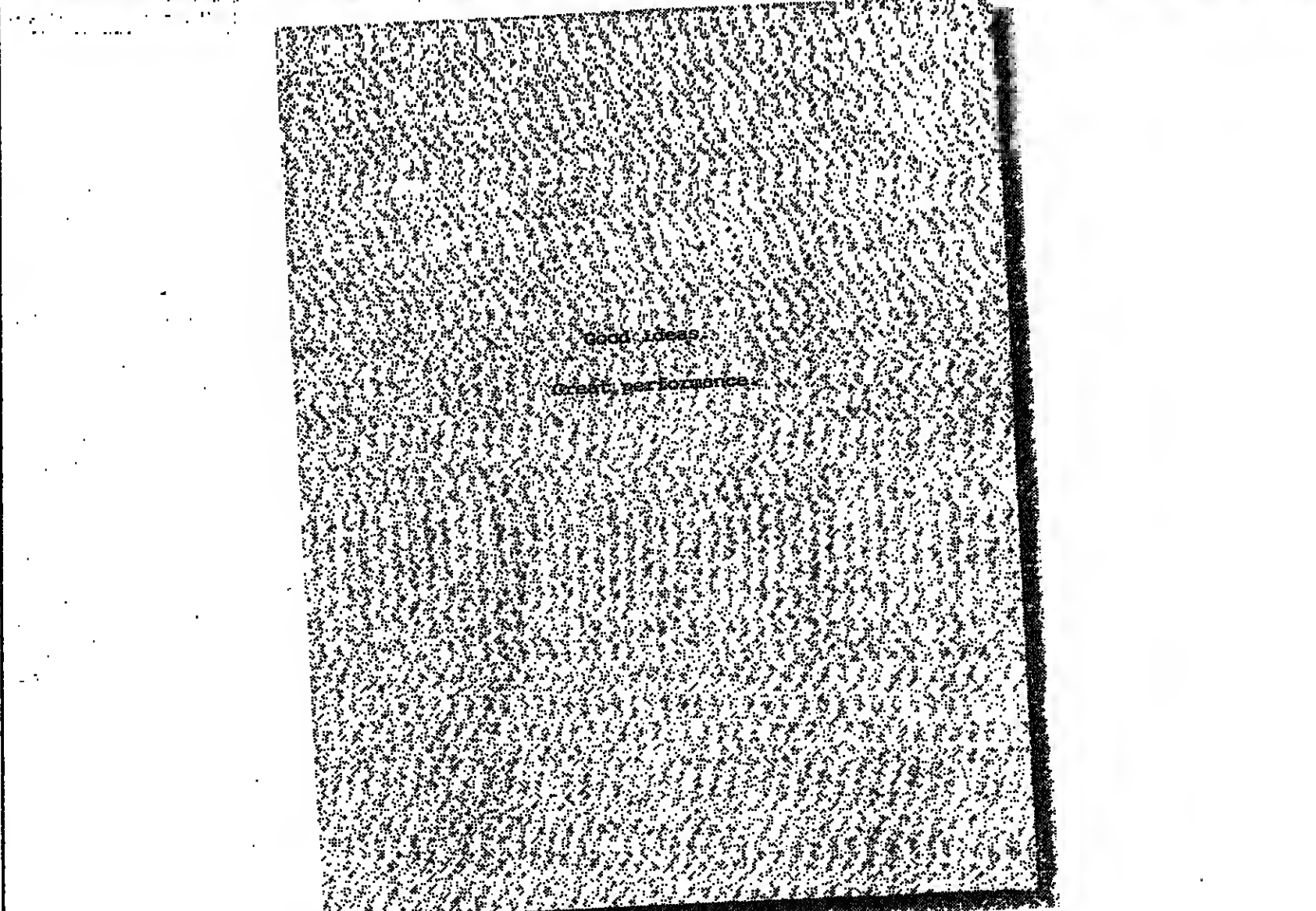
FINANCIAL TIMES
LONDON & BUSINESS NEWSPAPER

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Quoted rate %	Compounded rates for taxpayers at		Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
	25%	40%				
CLEARING BANK						
Deposit account	4.50	4.60	3.88	monthly	1	1,000-4,999
High interest cheque	7.80	7.90	6.32	monthly	1	5,000-9,999
High interest cheque	8.10	8.20	6.64	monthly	1	10,000-49,999
High interest cheque	8.40	8.70	6.96	monthly	1	50,000
High interest cheque	8.80	9.20	7.38	monthly	1	10,000
BUILDING SOCIETY						
Ordinary share	8.00	8.00	6.40	yearly	1	1-250,000
High interest access	8.00	8.00	6.40	yearly	1	500
High interest access	8.25	8.25	6.60	yearly	1	2,000
High interest access	8.75	8.75	7.00	yearly	1	5,000
High interest access	9.00	9.00	7.20	yearly	1	10,000
90-day	8.65	8.25	7.40	half yearly	1	500-9,999
90-day	8.50	8.75	7.78	half yearly	1	10,000-24,999
90-day	10.00	10.25	8.20	half yearly	1	25,000
NATIONAL SAVINGS						
Investment account	10.75	8.06	6.45	yearly	2	5-100,000
Income bonds	11.50	8.09	7.28	monthly	2	2,000-100,000
Capital bonds	12.00	8.30	8.84	yearly	2	100 min.
3rd issue*	7.50	7.30	7.30	not applic.	3	25-1,000
Yearly plan	7.50	7.50	7.50	not applic.	3	20-200/weekly
General extension	5.01	5.01	5.01	not applic.	3	1-14
MONEY MARKET ACCOUNT						
Schroder Wage	10.07	10.25	8.44	monthly	1	2,500
Provincial Bank	8.78	10.23	8.18	monthly	1	1,000
UK GOVERNMENT STOCKS						
3pc Treasury 1986-89	10.77	8.50	8.74	half yearly	4	0
3pc Treasury 1992	11.38	9.28	8.91	half yearly	4	0
10.25pc Exchequer 1995	10.71	8.11	8.55	half yearly	4	0
3pc Treasury 1990	8.98	8.18	8.72	half yearly	4	0
3pc Treasury 1982	8.52	8.49	7.58	half yearly	4	0
Index-linked 2pc 1982-85	8.98	8.38	8.07	half yearly	2/4	0

*Lloyds Bank Halifax 90-day; immediate access for balances over £5,000. †Special facility for extra £10,000. ‡Source: Phillips and Drew. ‡Assumes 5.0 per cent inflation rate. † Paid after deduction of composite rate tax. ‡ Paid gross. ‡ Tax free. ‡ Dividends paid after deduction of basic rate tax.

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MINDING YOUR OWN BUSINESS

Are you a doer or a dreamer?

PEOPLE have been leaving the security of paid employment in increasing numbers over the last few years to "do their own thing". But what is this "thing"? For some it is to do with spending more time at home. For others it is testing their own capabilities and limits. For still others it is making more money.

The list could be almost endless, but there are many common experiences. Most find that their enterprise is much harder work than they had thought. Most find that bank managers preach about how much they want to help small business development, but at the end of the day, they want your bricks and mortar before they will even contemplate lending.

When running your own business you will have to face the fact that even paper clips cost money. Small is not so beautiful when everyone wants to see your track record before investing in you. Colleagues get impatient at what they see as too slow progress. Growing pains are felt - often caused by others not wanting to move

in the same direction as you. There is one other important, but not always recognised, common issue. Your choice of personnel is severely limited. You very often have to choose from a group of one; that is, one person who is keen to share in your new venture. Such a person may not be the sort you would have advertised for, nor will he or she do the job you would ideally like them to do. You are often forced to design the job to fit the person when you are running a very small business.

You may have decided that you need someone to do the routine office work, including shorthand and typing plus a little word-processing thrown in if you are lucky. You may end up with someone with a degree in literature and an interest in flower arrangement who happens to do a little typing because he or she is "fascinated" by your project and is willing to join your financially dicey enterprise - and you do sometimes need brochures written and flowers arranged! Only when the business gets on a firmer footing will you be

able to enjoy the luxury of working out what the business needs, and then advertising for a person to fit the job.

Within the people who set up these businesses the psychologist in me identifies two clear groups: there are Small Business People, and there are Entrepreneurs. They share all the same experiences, but they differ fundamentally about what they are in business for.

The Small Business Person wants to create a business that he or she will work for. The business itself is the goal, the size of the business may not be the sole concern. The satisfaction for all the hard work will come from having a business that is so well organised that it will run itself, and healthy profit margins can have a decidedly cheering influence. Above all else the Small

Business Person has to be a gifted organiser and to like that kind of work. Not for him or her the criticism from others, "can't even run a bath." A large part of the reward comes from showing organisational skills. The fruits of the small business person's labour are in the profit margins, whether they materialise in the

steps achieved along the route to the fulfilment of it. No wonder bank managers have difficulties with such people.

To the true Entrepreneur, cashflow and profit and loss projections are necessary evils rather than the life-blood of small business success. Goals in ten years' time are expressed in terms of the dream realised, rather than in facts and figures that show a business with a £2m turnover.

The dream-based business encounters problems in the most unlikely places. Take the logo. The small business person has few initial problems with deciding how best to encapsulate the product in some symbolic form. Not so the Entrepreneur who has to trap a dream. Having worked their way through that problem both are on the same path leading to registration of their creation as a trade mark. But it transpires that an inordinate number of others also have a logo that shares many characteristics with this new creation. Caught up in the leisurely time-scale in which the Registrar of Trade Marks



makes his objections many more likely to be accepted last month, having been applied for in 1981.

Most entrepreneurs I have met or read about experience difficulties with maintaining good relationships with those who work with them in the early days. The Entrepreneur with a dream also has to be someone who, initially at least, will organise the business.

Thus, those who join the organisation because they share the dream do not take kindly to talk of work having to be cost-effective. And those who join because they see its

worth as a small business do not take kindly to continuing with parts of the business running at a loss "to preserve the dream."

The Entrepreneur often faces problems when the business starts being a success. The dream has to be made consistent with the demands of financial advisers who look only to the maintenance and development of the business.

For those thinking of joining others in the running of their small businesses, make sure which sort of person you would rather work with - Small Business Person or Entrepreneur - and then try to decide

which type your new employer is likely to be.

The work will be as hard in each job. The rewards are likely to be as large or as small in each. But I can guarantee that life will be more stormy - and probably more exciting - with the Entrepreneur, because the dream will keep getting in the way.

Dr Fay Fransella, Emeritus Reader in Clinical Psychology of London University, has been running her own business for eight years. She founded the Centre for Personal Construct Psychology, 123 Warwick Way, London SW1V 4JD. Tel 01 834-8875.



From left, Richard Molyneux and Colin Kerr, architects with designs on success

COLIN KERR, 38, and Richard Molyneux, 32, started a London architectural practice a year ago at the height of the building boom. I suggested it must have been easy going. They smiled and shook their heads sadly.

As we talked it soon became clear that to set up an independent firm in a profession where established reputations, track records and personal contacts are the stock-in-trade is never going to be easy.

During their first year they have lived on £9,000 each, drawn from the practice, eeked out by their savings and careful economies at home and in the office. They are working from a tiny 500 sq ft suite of offices which is to be found up three flights of stairs in an old house in Marylebone. They have just celebrated their first year in business by hiring their first staff - reckoning they can now afford the services of a part-time secretary.

As for the flow of commissions, they have handled 24 jobs in their first year ranging from a project of £350,000 contract value to a number of

Building up slowly from rock bottom

First Year forecast and targets

Two national salaries of £18,000 each	£36,000
Office rent	£ 5,000
Other overheads	£ 7,000
Total anticipated fee requirement	£48,000

Actual First Year figures

Drawings by the two partners, net of tax	£18,000
Office rent and anticipated office fees	£10,000
Overheads and additional setting-up costs	£17,000
Actual outgoings for first year	£45,000
Value of work carried out in the first year	£84,000
Bank balance	£19,000

small reports. They have been prepared to take on any commission, however humble, to contribute to the cashflow. It has been unremitting work but it has paid off. Their fee income for the first year has been £54,000 - a considerable advance on the £48,000 they had expected to earn.

As they enter their second year their main concern is to win more commercial work so that they can balance the workload of the practice between a small number of

himself on his own, working from the basement of his home, his total resources being a drawing board, a photocopier and a telephone answering machine. His workload consisted of just two small residential projects. Both fell through.

"It became clear to me," says Molyneux "that being at the bottom of the professional ladder would result in only small-scale commissions." He was rather grimly contemplating that prospect when Kerr rang to say that English Heritage was not fulfilling his expectations and that he, too, wanted to set up in private practice.

As partners they can cover a wider spectrum of work than as individuals. Molyneux is most interested in new buildings and commercial work. Kerr says he is "steeped in old buildings, historical problems, and restoration." But he admits that he has been sufficiently influenced by his partner recently to be "keen to design something new."

They enter the second year of their partnership with hopes

of securing two large commercial assignments with contract prices over £1m each. They believe that they can realistically set a target of £100,000 of fee income during the year. They expect to be employing two full-time staff by the end of the year.

By taking less than living wages out of the practice in their first year Molyneux and Kerr have avoided borrowing. They negotiated a £5,000 overdraft with the bank (guaranteed with life policies) but they have not used it.

Capital expenditure on equipment and refurbishing their offices was far higher than they anticipated in the first year.

Their next essential capital spending will be about £3,000 for a brochure about themselves and the practice. They feel that it is an essential tool if they are to win some of those big architectural commissions they hunger for.

Richard Molyneux Kerr, 171 Seymour Place, London W1H 5TP (tel 01 262-6631).

Roy Hodson

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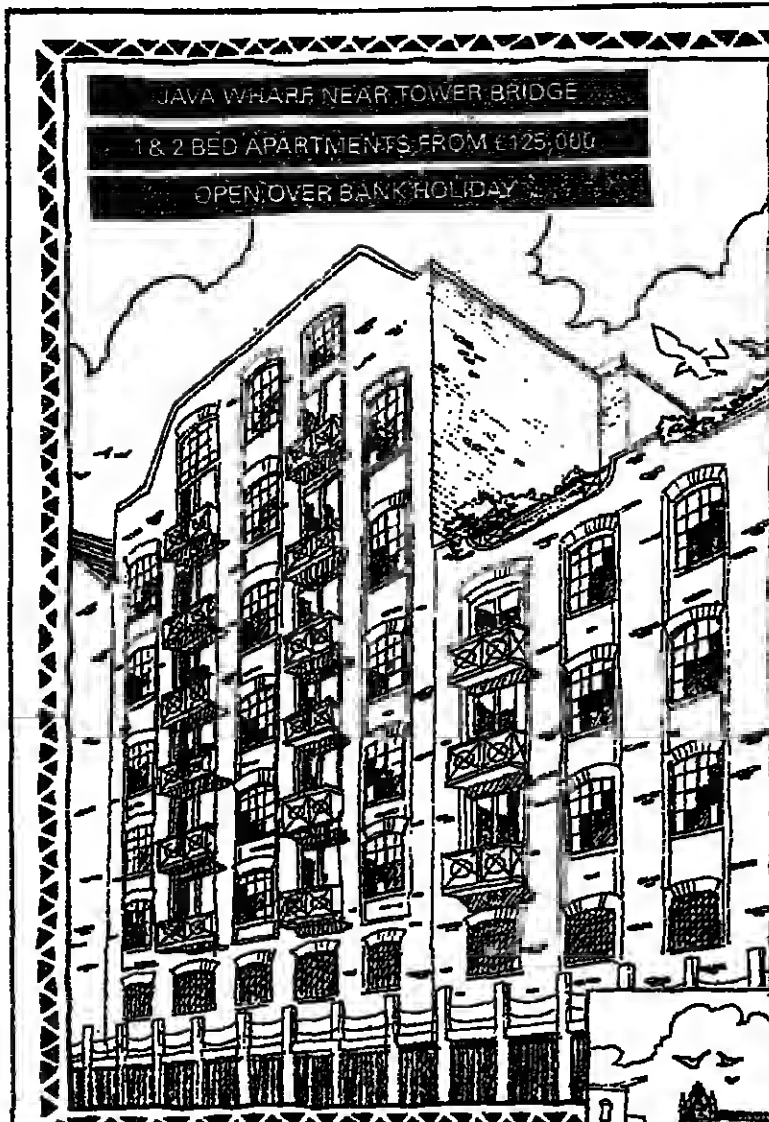
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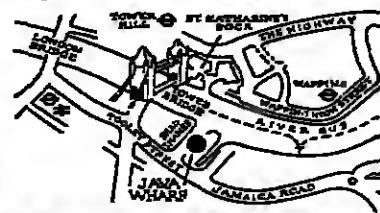
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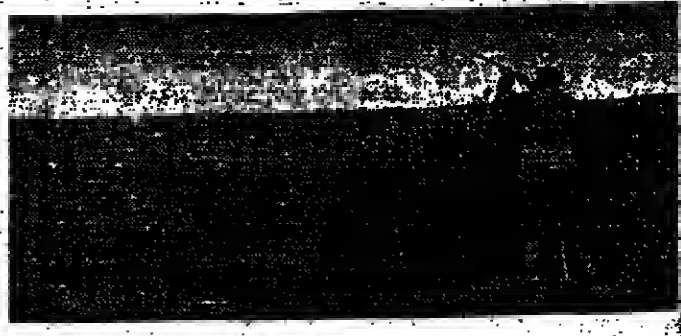


PROPERTY

Scottish lodges and dodges

Allen Fletcher on the choice for those seeking sporting spots

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Bagging a grouse on a Scottish sporting estate

antiquated kitchen. Not for the faint-hearted, requiring great effort in lighting fires, dimming the lights and pouring whisky to get the party going. Boots on, but solely through indifference to the surroundings. The recently modernised lodge. The last word in chintz and carpets. The owners have given up Gloucestershire and moved all the good paintings into the lodge. Immaculate, central heating and even ensuite bedrooms. Smallhome kitchen. Probably difficult to rent without the owners being present so very expensive but surprisingly, boots on. (Owners being slightly embarrassed as it is all too new.) The "London" lodge. Owns lives in SW1 and have done lodge up in best London style. They have having to let it but are forced to "cover some of their costs." Want to meet any tenant at the Club by wet suitability. Definitely no boots.

The jewel in the gem. The traditional box, still pine-lined and unmodernised, often with no electricity or at best a generator. Unspoilt due to its inaccessibility, still difficult to get to and could involve Land Rover, followed by boat, followed by foot, but well worth the effort. Threadbare carpets and Chesterfields with the housewife tucking your tweeds. Stags roar at night. Definitely a place to keep your boots on. A selection of lodges, staffed and unstaffed categories can be available to rent from: Bell-Ingram, Durn, Isla Road, Perth PH2 7HF, Scotland (Tel. 079322121). Spax, in Scotland, 22 Market Street, Inverness IV2 2AB (0463-232757); MacSport Ltd, Ballater Road, Aboyne, Aberdeenshire AB3 5HT (0339-2895); West Highland Estates, 7 Argyll Street, Oban, Argyll, PA34 5SG (0631-681768); Findlayson Hughes, 29 Bannockburn Place, Perth PH1 5EP, Scotland (0783-30282); Strutt & Parker, 18 Hill Street, Berkeley Square, London W1X 8DL (01-629-7232).

Paradise with problems

FOR SALE: one island, Gigha, innermost of the Hebrides. Pay more than £3m and once in a lifetime dream will come true. It is a small paradise that lives up to its name (the "good island" or "God's island"). Yet the word I heard most from islanders was apprehensive. Why is that? It is a story of many strands, which the new owner will face in deciding how to run Gigha. Will noblesse oblige prevail over accounts? Bottom line? Or can he balance the two and keep Gigha going in a way that does not wreck its life? For the rest of us who do not have £3m to spare, it is a marvellous place for a holiday. The ferry took 20 minutes from Tayinloan in Kintyre. There is no need to take a car (the island is only 1.5 miles long and one wide, and feet and bicycles are the ways to get around. The Gigha Hotel rents bikes, and so does Seamus McSperran who runs the Post Office and is the island's special constable, undertaker, fireman, taxi

driver - and much else as well. As you cross the Sound of Gigha Islay appears on the horizon and the high Paps of Jura. Once you have landed and walked up to the middle of the island (its highest hill is only 220 ft) you see Northern Ireland one way and the Isle of Arran beyond Kintyre the other. Around you are cow pastures, the great 50 acre Achamore gardens, and rougher country with heather, rocks and swathes of bluebell. I stayed in the Gigha Hotel, a light and most friendly place with oodles of hot water - enough to give baths, showers and laundry for visiting yachtsmen - and good home cooking. As well as the hotel, there are crofts to rent and flats in Achamore House. David Landale, the present owner, has converted them and enlarged the hotel, sensitively and well. Everyone respects him and likes him. In the last century Gigha had up to 700 people. But life was hard. The story has it that on one day 18 families left and many of the 180 islanders

today have relations in North America. Fishing and farming were the staples. The fish were herrings. After they were fished out in the 1820s it was cod. All that too was fished out. Now two boats catch lobsters, prawns and scallops (called clams on Gigha). The cod's going has meant more prawns, as the cod ate them. The low ground is rich. Where the Achamore gardens are, it produced 100 tons of potatoes 100 years ago. Achamore House was built in 1894 for shooting. In 1944 a keen plantsman, Colonel James Horlick of the nutritious bedtime drink family bought the island and set about making one of Scotland's great gardens. The Gulf Stream warms it; Gigha has rain and there's 45 in of rain a year, but the "rain" of sea and wind can play havoc to the plants. Windbreaks are a must. The Colonel used the wild position, rhododendrons - as breaks - in 1972 when the Landale family bought Gigha.

The gardens are renowned for rhododendrons and azaleas, and there are splendid carnations and ranunculus from Mexico, the Caribbean and other Scottish wicket spots. The masterpiece is Rhododendron Sinograndis, with huge trusses of pale yellow-green flowers. There is an old wish in the Western Isles: a boat to sail in, an island to go to, and never a day for leaving Newcomers to Gigha love its security, peace, beauty and friendliness. All islands are their own worlds. I was sad to leave. Lucky the person who buys Gigha. The ferry at Tayinloan is about 2 1/2 hours by road from Glasgow. For the Gigha Hotel (038-237 50 for dinner, bed and breakfast) and the crofts and Achamore House, telephone 0383-254. Prospective owners of the island or the salmon farm should get in touch with Savills in Edinburgh (061-226-6961).

Gerald Cadogan

Advertisement for Chelsea Harbour featuring a sailboat logo and text: "Life on the Grand Scale. Apartments, penthouses, houses for sale from £250,000. Why not call in and see which home would suit you? Chelsea Harbour, London SW10 OQL. Information Centre open 7 days a week 10am-6pm. Ring 01-351 2300 for a brochure. Shops, Restaurants, Marina, Parking. HAMPTONS AND GLOBE SAVILLS. A joint development by P&O and Globe."

Advertisement for Hampstead NW6 Marlborough Mansions: "A trio of luxury 3/4 double bedroom newly refurbished flats all with large fitted kitchen/diners, 2 bathrooms, original features, with a sought after well-run mansion block close to the excellent amenities of Hampstead Road including fast access to the West End and City via Metropolitan line. Prices from £172,500. Lease: 110 yrs. Stickey + Kerr, 54/55 Heath Street, Hampstead, London NW6 6JG 01-794 8254"

Advertisement for HAMPTONS AUCTIONS: "AUCTION 26TH JUNE (UNLESS SOLD) WOODLEY, NEAR READING. Some commercial use potential subject to planning consent. Detached family home. 6 bedrooms, shower room, 2 bathrooms, 3 reception rooms, family room, study, laundry, fitted kitchen. Full gas heating, 1 acre. Built 1994. NEAR RENEWY ON FRAMES. Picturesque brick and flint ridge stone detached cottage, gently situated on an elevated plot in a country lane. Long distant views. In need of some modernising, ideal for extension subject to planning. 2 bedrooms, etc. NEAR HUNGERFORD, BERKSHIRE. M4 6 miles. A most attractive and idyllically situated period cottage with meticulously finished, fully modernised. Wealth of exposed beams and timbers. Potential for further extension subject to planning. Gardens of 1.5 acres with woodland. 3 bedrooms, en suite shower room, family bathroom, 2 reception rooms, kitchen, utility, double garage, 40' swimming pool. Price Guide £280-300,000. Attached outbuildings (potential conversion to family room). ON CHL. Garage. DROPMORE, NEAR BURNHAM. Charming cottage forming part of the former Droppore House. Built towards the end of the last century and extended about 12 years ago. Situated rural position close to Burnham Beeches just near M4 and M40. 4 bedrooms, bathroom, cloakroom, 2 reception rooms, kitchen. Color gas heating. Garage space. Gardens of just over 1/2 acre. Exposed beams. 70A RIVER THAMES FRONTAGE - MARLOW. Charming detached residence offering excellent accommodation. 3 double bedrooms (1 downstairs), bathroom, separate WC, utility/cloakroom, 2 reception rooms, kitchen/breakfast room, oil heating. Detached garage. Outbuildings. Although enclosed well established garden. LETICOMBE REGIS, NEAR WANTAGE. Charming 17th century cottage with later additions. Extensive improvements and further modernisation. Delightful village location. 2 1/2 bedrooms, bathroom, utility, double garage, CH, large courtyard and garden. 40' swimming pool. Price Guide £280-300,000. Attached outbuildings (potential conversion to family room). ON CHL. Garage. AUCTION 29th JUNE (UNLESS SOLD) SURREY - EVELL VILLAGE, NEAR REPOHM. A rare and lovely detached Victorian and Mary town house dating from 1689 retaining many original features and of considerable historic interest. When once the home of Sir William Lewin it former Lord Mayor of London. 4 bedrooms, 2 en suite shower rooms, bathroom, 2 reception rooms, kitchen, utility, 4 room cellar. Garage, CH, large walled garden. Price Guide £280,000. Hampsons Managers, Guildford Office: (0443) 502222. SURREY - MEAROW, GUILDFORD. Quietly situated, a delightful Victorian dated 17th century house totally private in its lovely cottage gardens retaining a fine inglenook and many beams with scope to modernise and further improve. 5 bedrooms, 2 bathrooms, 2 reception rooms, kitchen, double garage, CH, large walled garden. Price Guide £280,000. Hampsons Managers, Guildford Office: (0443) 502222. SURREY - CHURCH, NEAR FARNHAM. In an idyllic semi-rural position overlooking the village green a detached cottage set in private 1/2 acre gardens with scope and potential for extension and modernisation. 2 double bedrooms, bathroom, separate WC, sitting room, kitchen/breakfast room, utility, cloakroom. CH. Garage. Price Guide £225-235,000. Hampsons Managers, Farnham Office: (0252) 741664. SURREY - LINGFIELD. An unusual conversion of a Victorian clocktower and stable block in a lovely rural setting with long drive approach and containing many unique features including the exposed renovated clockworkings. 3 bedrooms, bathroom, en suite shower, 2 reception rooms, kitchen, cloakroom, utility, garage, CH. Garden. Price Guide £280,000. Hampsons Managers, Crawley Office: (0293) 541444. SURREY - WOOD STREET VILLAGE, GUILDFORD. A fascinating converted period barn heavily beamed requiring renovation and improvement with potential to enlarge set in glorious private 1/2 acre gardens overlooking fields. 5/4 bedrooms, 2 bathrooms, 2 reception rooms, kitchen/breakfast room, cloakroom, hall, double garage, Workshop. Price Guide £350,000. Hampsons Managers, Guildford Office: (0443) 502222. SURREY - CHURCH, NEAR FARNHAM. In an idyllic semi-rural position overlooking the village green a detached cottage set in private 1/2 acre gardens with scope and potential for extension and modernisation. 2 double bedrooms, bathroom, separate WC, sitting room, kitchen/breakfast room, utility, cloakroom. CH. Garage. Price Guide £225-235,000. Hampsons Managers, Farnham Office: (0252) 741664.

Advertisement for "SELL YOUR HOUSE Through the Weekend FT Property Pages". Includes a photo of a house and text: "To advertise your property in the Saturday property pages, simply complete the coupon below and return it to: Francis Phillips, Classified Sales Manager, Financial Times, Number One Southwark Bridge, London SE1 9HL. Allow five words per line (minimum 3 lines) Cost: 5-15 words (£20.70) 20 words (£27.60) 25 words (£34.50) 30 words (£41.40) 35 words (£48.30) 40 words (£55.20) all rates include VAT. Advertisements over 40 words, rates are available on application, please attach copy separately. Lineage: £6.00 per line + VAT. Display: £27.50 per sec + VAT. Please insert the following copy in the Weekend FT on Saturday 1989. I wish to pay by cheque, value £... made payable to: Financial Times Limited. I authorise you to debit from my Visa/Amex/Access account (delete as applicable) the sum of £... Signature... Card expiry date... My card number... Name... Address... Postcode... Daytime Tel No... Weekend FT - Property Pages - 01-873 3000"

Advertisement for RICHMOND HILL (S.W. London): "5 bedroom, 2 bathroom early Victorian family house. In quiet road. Large lounge, dining, study, and kitchen etc. Gas central heating; South facing garden; car parking. All amenities easy walking; Underground (Metro) and Train Stations 7 mins. (train time to central London 17 mins); excellent shopping, 6 mins; beautiful Richmond Park, 5 mins; ice-skating/swimming 10 mins. Offers around £420,000. Phone 01-848-2006"

Advertisement for Jackson-Stops & Staff: "Peterborough Estate. Attractive five bedroom house with a sunny 40 foot west facing garden. Subject to planning the cellar could be excavated to provide further accommodation. Double reception room, dining room, kitchen, utility, 5 bedrooms, 2 bathrooms, garden. Freehold. £330,000. Apply: 191 New Kings Road, London SW6 4SW. Telephone 01-731 2672."

Advertisement for UNIQUE LORDS STUDIO HOUSE: "On best St Johns Wood Avenue. Lovely walled garden. Secluded 3300 sq. ft. Half classic commercial studio. Half modern house. 3 bedrooms, en suite bathrooms. Big contemporary kitchen. Dining. Mezzanine office. Conservatory. 2-rolls garage. Excellent security. Minutes to American school and West End. Superbly renovated/decorated by top designer. Ideal entertaining. Beautiful residence. Corporate exec quarters £1.4 m. TEL: 01-351-5060"

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Advertisement for London Apartment: "Spectacular riverside architecture by Richard Rogers. 20 mins Harrods or Heathrow. 1430 sq ft (133 sq m) 3 beds, 2 baths, P&G, A.C. Kitchen/utility rm. G.C.H. excellent security. U/G parking, store rooms, 997 year lease. £480,000. Tel: 01-731 7247"

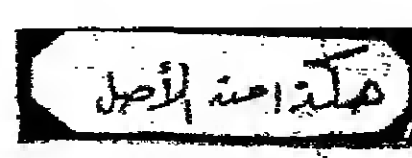
Advertisement for Discover... Highbury Terrace Mews: "An imaginative new development of six mews homes arranged over three floors with integral garages and landscaped gardens. The houses have been carefully designed with flexible accommodation finished and equipped to an exceptionally high standard and yet blending in with the surrounding Georgian architecture. 3 bedrooms, 2 bathrooms (one en-suite), shower room, lounge, dining room and luxurious kitchen breakfast room. joint Sole Agents HAMPTONS INLANDIA REALTY CORPORAICE. Residential Developments 01-226 4688. 01-226 6221."

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Advertisement for LIVE AND WORK IN LUXURY: "Rarely available. Totally unique ARTISTS STUDIO (GRADE II LISTED) in Chiswick W.4. 20 mins West-End - 20 mins Airport, double bed, bath, kitchen, double sunny garden, doors to mature sunny garden. DAVID FIELD £285,000 FREEHOLD G.N.O. Tel 01-895 9738 or 01-878 3882"

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Advertisement for INTERNATIONAL RESIDENTIAL PROPERTY ADVERTISING: "Appears every Saturday. For further details please contact: Clive Booth Tel 01 873 4915 Fax 01 873 3063"

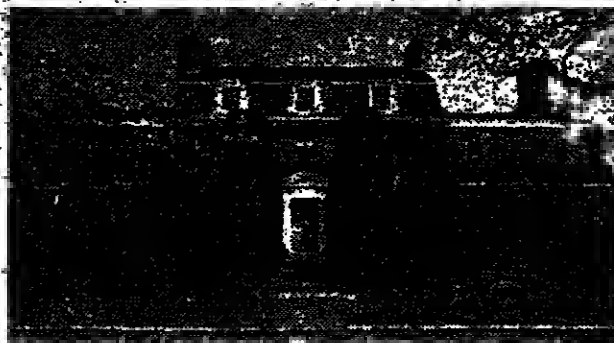


Jackson-Stops & Staff

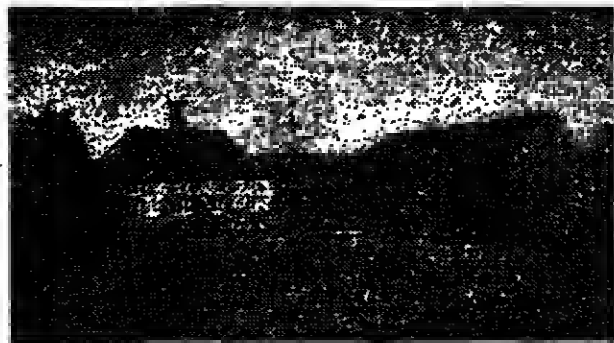
Nineteen offices throughout the United Kingdom. Head office: 14 Curzon Street, London W1Y 7FH. Telephone: 01-499 6291.



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Apply: Chelsea. Tel: 01-581 5462.



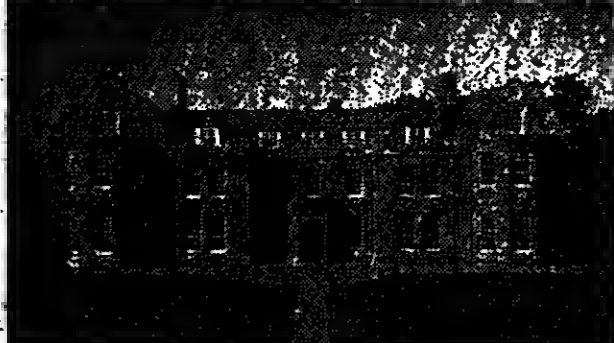
West Sussex Grafton
An exceptional Listed Grade II house dating back to 1420. Fine 18th century barn with consent for conversion.
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West Sussex Near Arundel
A perfectly situated brick and flint country house on the southern slopes of the Downs, within beautiful gardens and grounds.
3/4 reception rooms, 5 bedrooms, 3 bathrooms. Cottage with sitting room, kitchen, 2 bedrooms, and bathroom. Outbuildings and stables. Pool, tennis court, 15.2 acres.
Apply: Chichester. Tel: (0243) 786316.



Norfolk Near Brandon
Important Listed Grade II Georgian mansion in superb parkland. 5 reception rooms, 11 principal bedrooms, 8 bathrooms (3 en suite), 11 secondary bedrooms. Lodge. Mature formal gardens and parkland. About 12 acres. Further parkland may be available. Suitable for Residential or Institutional use.
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Eaton Hall. A superb Gothic Revival mansion, beautifully restored and converted to 12 apartments of 2, 3 and 4 bedrooms. Also 2 houses converted from the outbuildings and 3 and 4 bedroomed country cottages. Apartments from £115,000. Cottages from £152,500.
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Devon, Dartmoor National Park
South facing period house in a parkland setting near Chagford.
4 reception rooms, conservatory, kitchen/breakfast room, study, 6 bedrooms, 3 bathrooms, nursery/bedroom 7. Garaging and stables. Traditional barn with planning permission for a cottage. Gardens, paddocks, woodland and fishing. About 38 acres.
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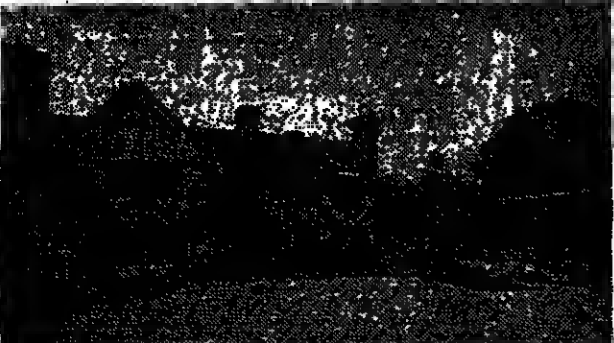
Worcestershire Near Green
A luxurious residence, built to the highest specifications, in a fine situation in this prime residential area.
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Buckinghamshire Otley
A Listed Grade II house, once the home of the poet William Cowper, in the heart of Weston Underwood, one of the county's prettiest villages.
3 reception rooms, garden room, 4 bedrooms, 2 bathrooms, sitting room suitable for conversion to further bedrooms. Stable. Walled garden, orchard and field. About 8 acres.
Apply: Northampton. Tel: (0604) 32991.



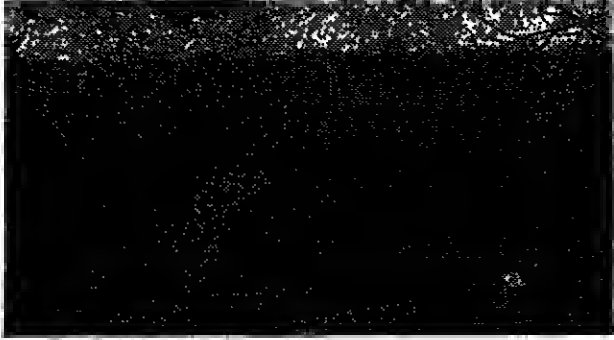
Cheshire Near Chester
The Egerton Arms, Brocton. A renowned 16th century Freehouse.
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South Cotswolds 35 minutes from Bristol
A lovely Georgian house at the head of a valley with superb views.
5 reception rooms, 2 cloakrooms, kitchen, 5/6 bedrooms, 3 bathrooms. Staff flat. Courtyard with coach house and garaging. Walled garden. About 2 acres.
Guide price: £500,000.
Apply: Cirencester. Tel: (0285) 653334.



East Yorkshire Near York
A superb modern bungalow built to an exacting specification, within easy reach of York and Leeds.
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The Cotswolds Near Cirencester
A very pretty 17th century cottage in a lovely setting with 3 acres.
Dining hall, sitting room, study, cloakroom, kitchen, utility room, conservatory, 4/5 bedrooms, bathroom, shower room. Outbuildings, garden and paddock.
Guide price: £375,000.
Apply: Cirencester. Tel: (0285) 653334.



Cambridgeshire Near Royston
A charming William IV farmhouse rectory on the edge of a small village.
3 reception rooms, kitchen, breakfast room, 5/6 bedrooms, 3 bathrooms, 3 bedroomed cottage. Garaging and outbuildings. Garden and paddock. About 4 1/2 acres.
Apply: Northampton. Tel: (0604) 32991 or Mayfair. Tel: 01-499 6291.



Kent Tunbridge Wells
Attractive house set on top of the High Weald, facing south, with uninterrupted views.
2/3 reception rooms, 3 bedrooms, 2 garages, 1.3 acres. Opportunity to extend or possible potential building plot.
Guide price: £300,000.
Apply: Mayfair. Tel: 01-499 6291.

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The property has a Double Garage, beautifully tiered Front Garden and Private and Secluded Rear Garden with Greenhouse, Patio Area and picturesque Fish Pond.
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FTL

PROPERTY

Wake up to a real-life dream home

John Brennan finds much to admire in a careful restoration of a Northamptonshire mansion

HERE IS everybody's property-deal dream: a home in a glorious, mellow stone, Georgian manor with a sitting room - the original great hall - covered with lovingly restored plasterwork and sited on the edge of a pretty village an hour from London. Furthermore, it cost you considerably less than it cost the developers.

It is a dream come true thanks to an odd sequence of events, which is almost like a ghost story in reverse. Ecton Hall had stood abandoned in its park and farmlands since 1954, when its last occupant died and dry rot took over. A family trust owned and farmed the estate but could not afford the upkeep of the hall. Blocked gutters let in rain. Rot set in. Roofs and then beautiful plaster ceilings fell in, and leather-bound books grew mould on the library shelves.

Enter - at well past the eleventh hour - John Nash and Fred Eisenhart-Rothe, a building surveyor and a civil engineer who have spent 20 years restoring and adapting old buildings, at first for clients and then, as Period Property Investments, as developers themselves.

Now Ecton Hall, a 1750s mansion on a site which dates back to the Norman Conquest, has come back to life. It has 12 meticulously planned apartments - some the size of small houses - while a stable of roomy three-bedroom and four-bedroom cottages form a new courtyard alongside.

It was chance that sent Nash and Eisenhart-Rothe to Ecton. A farmer's wife, miles away, told them casually of the pretty, stone-built village she knew. It was eight miles from Northampton and a conservation area of restored cottages and a handsome church, marred by one black spot - the decaying and derelict manor.

With no more to go on than that, the two partners ended up in a field, peering through trees at the south facade. "It's so easy to exaggerate, but as a builder I thought it was wonderful," says John Nash.

"A perfect example, in warm stone, of Georgian Strawberry Hill Gothic - now that's rare." A rude awakening came as they got closer. The crumbling facade was all that remained.



Behind it, walls and floors had caved in, chimney stacks had crashed to the ground and lightning had struck twice - in the same place. Walls collapsed overnight while they were persuading the family trust to sell the place. Says Nash: "Once the timber goes, you lose restraint. Walls

This took not just building skill but patient detective work and some inspired guesswork. Period Property has its own team of builders and use other specialists as needed. For example Classical Renaissance, the firm of plasterers, replaced sections of intricate plasterwork found lying among the debris and - using some 1980s photographs - made faithful copies of the rest.

Behind these main rooms, down came the patchwork of haphazardly mended brickwork which was all that was left of the back wall. The house grew a little around the (restored) north entrance to accommodate a re-arranged jigsaw of bedrooms, bathrooms and kitchens.

There is now good bone structure under the romantic skin. Behind the restored plasterwork, and beneath the carpets, steel and concrete stitch the frail old place together. It cannot be seen, but it also insulates each slice of the stately home from the others against fire and next door's noise.

The result is a synthesis of gracious living with up-to-date convenience. The two-, three- and four-bedroom homes are already attracting interest from professional couples and people with grown children who have left large houses.

It is a dream come true thanks to a sequence of events, which is almost like a ghost story in reverse

are no longer supported. When the floors that tie them together have rotted, one collapse leads - domino-like - to others. It was very dangerous."

"This time you must be mad," commented their architect, but the two men had no doubts. A team began to turn the wreck back into homes, restoring the south front and - as completely as possible - the principal rooms.

The former library, the great hall and the "withdrawing room" are now the reception rooms of apartments numbers 2, 3 and 4.



Before and after restoration: the shell of the house (left) was almost all that was left before the restorers took over and brought it back to its former glory. Now the mellow stone facade hides 12 meticulously planned apartments, some the size of small houses.

Nash and Eisenhart-Rothe happily admit that lucky timing has seen house prices rise steadily since they started work, giving them leeway on the painstaking restoration. It cost much more than planned.

So buyers of the homes, which include the great hall with its deep-voiced ceiling, the new conservatory, and the plaster chimney-piece, are getting - bargains. It would be impossible to price each of the

Hall apartments by the work done on it.

The real triumph of Ecton Hall, however, is not just the return to life of a derelict, historic building, but the creation of new homes which can stand up with the best, ancient or modern. Ecton, better than any other such scheme I have seen, has managed to avoid the obvious bear-traps of feeling either like a museum or - worse still - a stage-set.

175 year-leases on the 1,350 to 1,750 sq ft flats, maisonettes and cottages of Ecton Hall, which is five miles from Northampton and eight from Welington, are on sale for between £115,000 and £205,000. Agents are Jackson Sturgis and Sons, Northampton, and Fisher Howarth, Market Harborough.

Out of Africa, into Highgate

BETWEEN her African journeys the Victorian explorer and pioneer ethnologist Mary Kingsley lived in Southwood Lane, Highgate Village, N6. Now there is a blue plaque to commemorate her time there and a Grade II listing for her former home, a four bed, detached, 1820s house with mock windows to the front balanced by windows facing out to a broad, walled garden at the back.

Ellis & Co (01-455-3352) are asking £245,000 for the freehold of the recently modernised house, with garage and off street parking for three or four cars.

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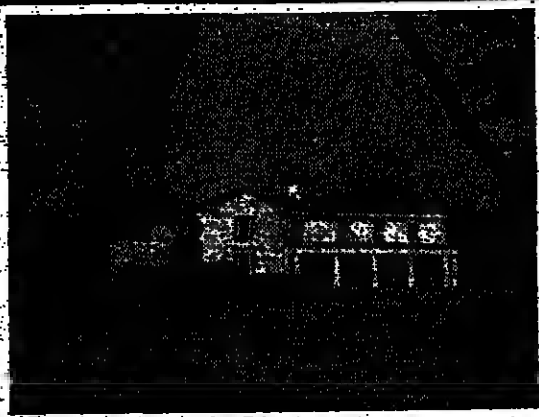
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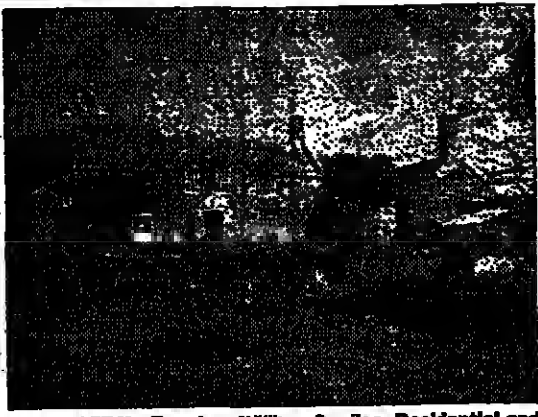
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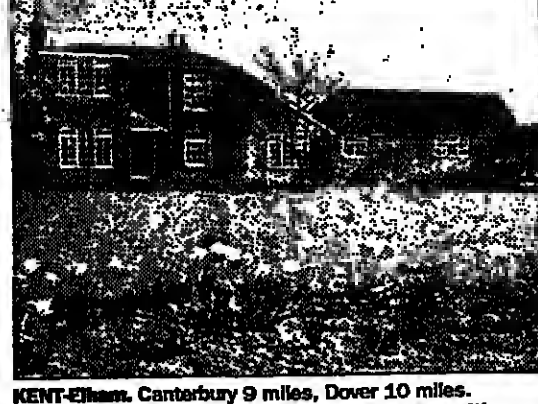
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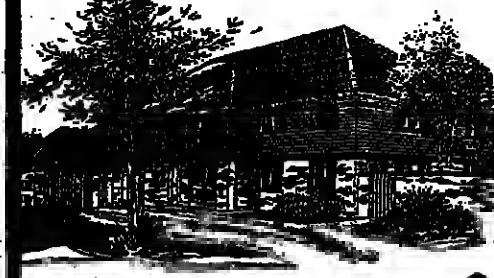
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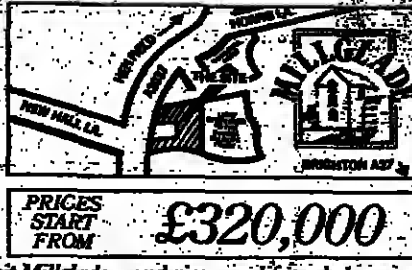
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TRAVEL

They speak English there, don't they?

THE SUN was already low in the afternoon sky as our plane skimmed the green hills and banana plantations of northern Honduras and landed at La Ceiba on the Caribbean coast. We were already on the third leg of a journey that had begun in New York nine hours earlier, and we knew we would have to clear Honduran immigration and customs at La Ceiba before catching a connecting flight to Guanaja in the Bay Islands.

Life being as it is in Central America, we suspected that these formalities might not be completed speedily, and we knew that the airfield on Guanaja did not have lights. We had mixed feelings about the prospect of being stranded overnight in La Ceiba. The guidebook described the city as "lively" but life being as it is in Central America, this sounded vaguely ominous.

We reckoned without the Hondurans' desire to accommodate their infant Bay Islands tourist industry. The lady at TASA's, the national airline, who led us to the waiting DC3, explained that if we bothered with all that stamping of passports and scrutiny of visas we would never get to Guanaja by nightfall. So she would simply collect our passports, let the authorities stamp them to their hearts' content, and see to it that they reached us the following day.

Right. Any shred of common sense we possessed suggested otherwise, but we handed over our passports, hoping that the embassy could keep us out of jail if the worst occurred (it did not - the passports appeared a day or two later), and clambered aboard the DC-3 30 miles off the coast.

The airfield at Guanaja, a narrow dirt strip backed out of a hillside, joins a small dock - a convenient arrangement, since there are no roads or vehicles on the island. Or telephones or much of anything, for that matter. Someone shouted the name of our hotel, we threw our gear into what we hoped was the correct boat, and a few minutes later we were hounding across the waves in the darkness along

the south coast of the island. At one point something that looked like an entire town on stilts in the water loomed up before us. It took a good night's sleep and a sunny morning before we got our bearings and realised that we had found one of the last great "undiscovered" winter vacation spots.

From a steep pine-topped ridge above our hotel on Guanaja's southeast coast we viewed an extraordinary panorama: wooded hillsides dropping sharply to a blue-green lagoon protected from the rougher waters of the Bay of Honduras by an encircling coral reef and a dozen small, palm-covered cays. Wild parrots glided across the hills. The overall scene had probably not changed much since Columbus visited the Bay Islands in 1504.

Royal recall an era when English settlements dotted the Caribbean coasts of what are now Honduras, Nicaragua and Panama.

On Guanaja - or, strictly speaking, about a quarter of a mile offshore from Guanaja proper - the islands' unusual mix of races, languages and cultures is vividly displayed in Bonacca Town, the largest settlement. What we had seen from the boat on arrival was not an hallucination: much of Bonacca really is built on stilts in shallow water, with a maze of wooden walkways and canals connecting the houses. The offshore site for the town was apparently dictated by a desire to avoid the sandflies that can make life miserable on the main island from time to time.

There is some land under-

neath Bonacca (the remnants of two neighbouring cays, we were told), mostly towards the middle of town, where a few houses have small gardens and a concrete walkway serves as Bonacca's High Street. The outpost of Honduran officialdom is a small wooden building marked "Palacio Municipal," which stands more or less in the centre of town along the walkway, quite close to Miller's Hotel and the First Baptist Church. A fire in the mid-1980s destroyed a substantial part of Bonacca - virtually all the structures are wood - but a few touches of turn-of-the-century banana boom architecture remain.

The ambience in the poorer sections of Bonacca is somewhat Third Worldish, and one American visitor was overheard to say that he "wouldn't give a C-note for the whole place." We found the Mountain View Disko, stuck out well into the water at one end of town and said to be a hot spot on Friday and Saturday nights. On a sunny weekday afternoon its terrace serves as an ideal

place to settle back with a cool Nacional or Salva Vida beer, gaze at the hills of Guanaja, and relax in the contentment that comes with knowing that you are really and truly in the middle of nowhere.

Thus far, most of the relatively few holidaymakers who have found the Bay Islands have been North Americans, and most of these have been scuba divers. Diving enthusiasts say that the reefs, underwater walls and wrecks off the islands provide some of the world's finest and least-explored diving sites, and virtually all of the upscale resorts on the islands offer professionally-run diving programmes.

Hopping off a boat into, say, 100ft of water while wearing more equipment than would be required to mine coal has never seemed appealing to me. Snorkelling, however, offers at least some of diving's pleasures sans the hardware.

Although my wife and I had done a bit of snorkelling in the eastern Caribbean, we were unprepared for the extraordinary array of coral formations and undersea life on the reefs off Guanaja: star fish, octopus, black angel fish with brilliant vertical yellow stripes, riotously-coloured parrotfish, not to mention the barracuda.

My spouse spotted a barracuda on our first day of snorkelling and beat a prudent retreat to the boat. Barracudas are curious creatures, which watch you as carefully as you watch them, and they appear to have more teeth than is strictly necessary. A reference book we consulted that evening offered the equivocal observation that reports of barracuda attacks on humans were "largely unfounded."

A professional diver at our hotel attempted to paraphrase this by explaining that a barracuda will not attack a swimmer unless the swimmer, say, inadvertently punches the barracuda on the nose. While my spouse, who does not wear her contact lenses in the water, found this less than fully reassuring, we had no problems with the barracudas.



Bonacca: bits of banana boom architecture remain

morning, the place is empty and you have the beach, the pool and all the other facilities to yourself. Our hotel also arranged a boat to take us to an uninhabited offshore cay for snorkelling and a picnic.

This Robinson Crusoe experience involved being dropped off with provisions and a two-way radio which we hoped would work. Our concerns seemed less pressing after several hours' sun and a bottle of wine. On another day we hiked up a stream bed into the hills to a 25 ft waterfall, descending through groves of lime and coconut trees to an empty, mile-long white sand beach.

Assuming that Central America does not go up in smoke, the Bay Islands will not remain undiscovered for long. Except for a rainy season from October to December, the weather is ideal: the temperature in the low 80s with a regular brisk easterly wind. Locals say that it rarely rains from February to May.

Guanaja has only two upmarket hotels at present, with fewer than 25 rooms altogether, and the island's rugged terrain will probably help preserve its isolation. Nonetheless, land prices are creeping up, and rumour has it that north Americans have been buying quietly for some time.

Expatriates now occupy many of the offshore cays, though the logistical problems of construction are substantial.

Development has proceeded fastest on Roatan, the largest and most populated island in the group, which now boasts one road, a widespread telephone service, several resorts and a paved airstrip that appears long enough to accommodate the Space Shuttle. The airstrip still lacks a tower and lights, but these are promised, and two US airlines have reportedly bid for landing rights.

The islands are in fact closer to Miami (and much closer to Houston) than many popular eastern Caribbean holiday spots. For the moment, however, the Bay Islands still fall in the adventure travel category, a world apart from the 13,000 hotel rooms of glitzy Cancun only 800 miles up the Caribbean coast.

The only flight out of Guanaja leaves at 8am. Catching it entails walking at four followed by a choppy trip to the airstrip by a 14ft water taxi operated by a cheerful islander who occasionally flicked on a hand-held spotlight and peered into the darkness before gunning the boat forward.

He deposited us and our bags on the dock near the wooden TAN/Salsa shack, which we best upon with our kits until the night watchman woke. We checked in by candlelight, flew from Guanaja to Roatan to San Pedro Sula to Belize to Miami to New York in 12 hours flat, and woke the next morning wondering if we had dreamed it all.

Getting there. The Honduran airline TAN/Salsa flies to the Bay Islands via San Pedro Sula and La Ceiba, daily from Miami and several times a week from Houston and New Orleans. US visitors to Honduras require visas, but UK visitors do not.

Staying there. Guanaja island has only two resorts. We were very comfortable at Posada del Sol, which offers 16 rooms, a small private beach, pool, tennis court and two diving boats. The seven-room Bayman Bay Club, on the largely uninhabited north shore of the island, is also in the first-class category and caters chiefly to divers. There are two more spartan hotels in Bonacca Town. Roatan island offers more than a dozen resorts and hotels, most very small with the exception of Anthony's Key, a major diving resort that accommodates 100 or so guests.

Information. Few travel agents know anything about Honduras. The best all-purpose contact is Honduras Information Service, 301 Fifth Avenue, New York, New York, 10017, tel: (212) 490-0766.

Brian E. McGunigle finds himself - thankfully - in the middle of nowhere when he visits Honduras, in central America

Bay Islands falls into the adventure travel category

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TRAVEL BUSINESS

Buoyant cruising

CRUISING HOLIDAYS have emerged in the late 1980s as one of the fastest growing special interest holiday sectors, having captured a new market of young families who prefer the cruising alternative to yet another package holiday destination.

Figures released this week, from the Passenger Shipping Association, which monitors holiday cruises, show that the number of Britons taking cruises last year rose by a healthy 12.5 per cent to reach a total of 144,000. The increase is part of a rising trend over the last few years in the popularity of cruising, a trend that has continued in 1989 with all cruise operators reporting record levels of demand.

"After a very buoyant winter cruise programme, we are experiencing a 25 per cent increase in demand for summer bookings," says Nigel Lingard, director of Fred Olsen Travel, the leading UK operator of cruises out of the UK.

F & O Cruises also reports that demand for cruises to Europe and Alaska destinations this summer is "exceedingly strong". Gwyn Hughes, marketing director of F & O Cruises, says that "we anticipate very good sales in the Caribbean next winter."

Several factors have spurred on the growth in cruising holidays among Britons in recent years. These include disengagement with traditional continental package holidays because of airport delays and poor standards in Mediterranean beach holidays.

"People are looking for an alternative type of holiday - they have had enough of spending the first day or so of their holiday sitting in an uncomfortable airport lounge," says Chris Coates, sales and marketing manager of CTC Lines.

But, more significantly, the cruising boom has come about as a result of determined marketing efforts by cruise operators to change the industry's image. Cruising out of the UK was perceived in the 1970s and early 1980s as being a very moribund and expensive holiday market, popular only with the elderly and retired who could afford to follow the sun.

Yet in the US, young families and singles discovered that a cruise - especially out of Miami - offered a holiday with a difference. Television series such as The Love Boat - featuring stories set aboard a luxury cruise liner - helped reframe the image that cruising was fun and not something just for the elderly.

Cruising still does have considerable appeal for Peoples (Well Off Older People), but its resurgence as a holiday market has come about because Baby Boomers think cruising can be fun.

"We are definitely attracting a younger market, people in their 30s who see that cruising has something different to offer them," points out Stephen Odell, UK sales manager of Norwegian Cruise Line. "But we are also reaching a new market of adults holidaying for the first time without their teenage children and who want something different from the package deals they have been used to."

Most of the growth in cruising for Britons has been among fly-cruise holidays. A few years ago, most fly-cruises were aimed at the Mediterranean but now the clear trend, according to the Passenger Shipping Association figures, is towards Miami and the Caribbean.

"The vast majority of Britons who join our cruises out of Miami for a trip round the Caribbean have already spent some time in Walt Disney World," says Odell.

But as Britons appear ever-willing to travel even longer to overseas destinations, so many in the cruising industry see the Far East as being the next growth market. The FSA figures already report almost a doubling in the numbers of Britons who took a cruise to the Far East last year.

The Inter-Continental Hotel chain, acquired by the Japanese leisure conglomerate Sanson Group last year, is offering a summer sale of hotel rooms throughout July and August in its 106 hotels worldwide. The Inter-Continental hotel at London's Hyde Park corner, for example, is charging £95 a room during those months, about half the rate being quoted by nearby hotels. The company says the move is aimed at attracting new customers because there is a smaller business trade in July and August.

David Churchill

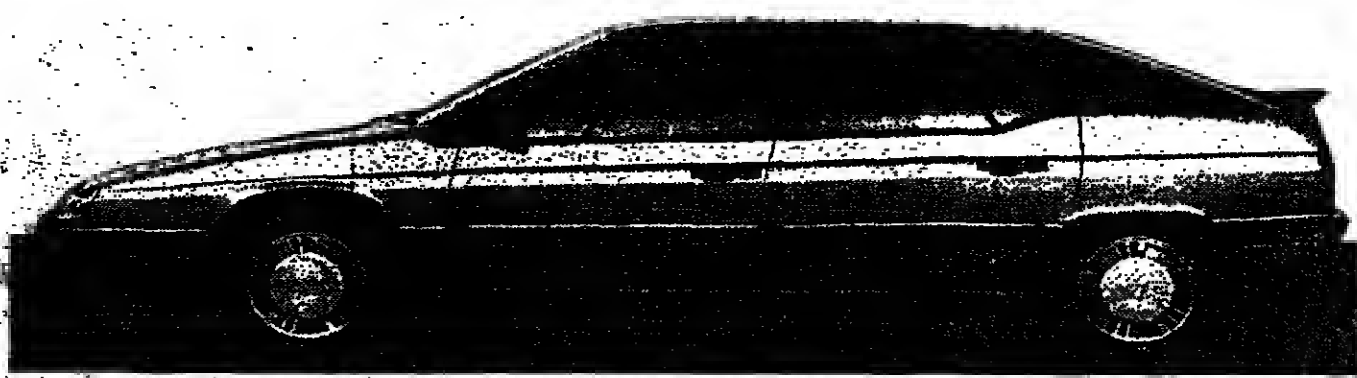
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MOTURING

Conflict of objectives

Stuart Marshall receives some strong views on car emissions

MY ATTEMPT two weeks ago to sort out some of the conflicting objectives of the car industry...



THE NEW Citroen XM, now on sale in France, promises to make as big an impact on British executive car buyers...

then it will almost certainly have a fully active suspension, such as Lotus is now developing. That will enable the XM to go through bends at speed without any body roll...

than the V6 (French price around £20,000). All praised the ride and handling combination as exceptional...

I find this believable, even predictable. The "loves driving, hates garages" EX persuaded British motorists and fleet managers that a Citroen could be a sensible buy...

Its engines (from two-litre, four-cylinder petrol and diesel to a 2.5 litre petrol V6) and transmission, though not the suspension, will be shared with the soon to be announced Peugeot 505 replacement, the 604.

I have not yet driven the XM. At the time of its international media launch, I was on holiday, trying to avoid hypothermia as I hiked my way, a thumb-fingered, round a Cumbrian golf course in rain and a gale of wind. But I shall do so soon.

Those who have tried it tell me that the fuel-injected two-litre (about £14,000 in France) felt an even better all-rounder

than the V6 (French price around £20,000). All praised the ride and handling combination as exceptional...

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How to solve current fears

Stuart Marshall suggests cures for a flat battery

MORE THAN 50 per cent of calls to the AA and RAC result to the removal of flat batteries. Mainly they are due to lights left on, perhaps in an airport car park. Or it is easy to switch on the ignition (and heated rear window) accidentally to listen to the radio while the car is at a race meeting, and thus flatten the battery. I have done both things myself.

Another cause is that motorists are tending to take more out of the battery than the alternator can put back into it, especially if the drive belt is not properly tensioned.

Many cars now have heated seats, windcreens, backlights and wing mirrors, electric windows and sunroofs, power windows and entertainment systems and telephones. They, and the use of headlamps in slow-moving traffic, put a big load on the battery.

Whatever the cause, lack of current will stall any car, be it the oldest banger or latest luxury saloon. And it is not just a winter motoring problem.

In most cases, all the recovery servicemen does is connect up jump leads, restart the engine and tell the driver to switch off as many things as possible until the battery has charged up a bit. Straightforward enough, but it can be terribly time consuming, especially if you are already running late.

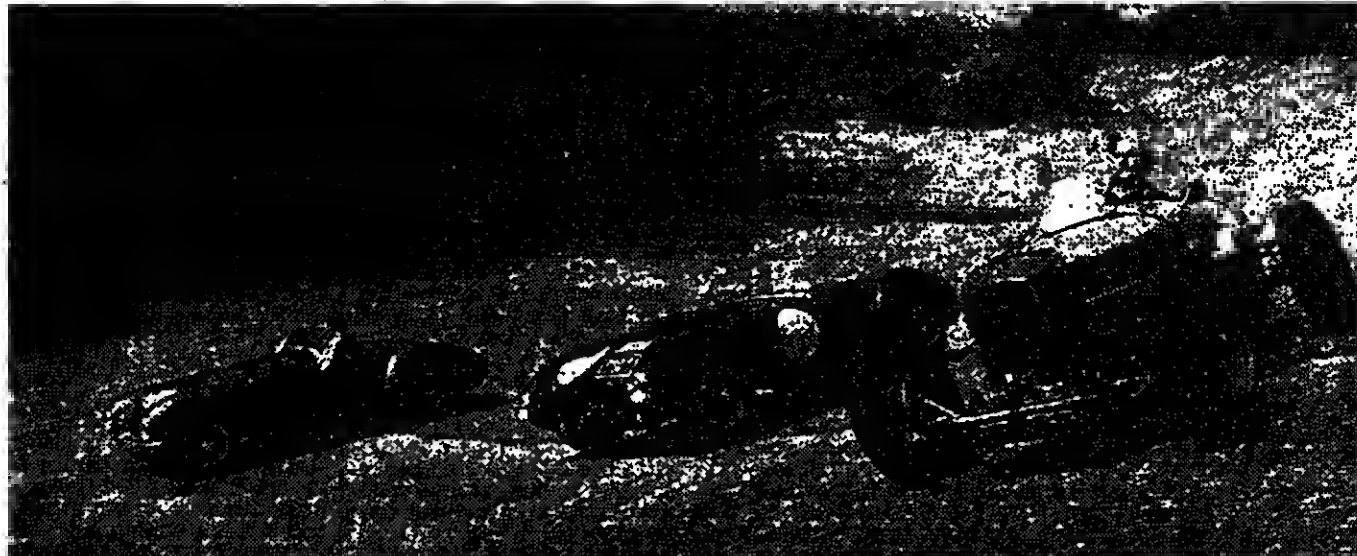
Enter the instant jump start, or JIS for short. This all-British idea was originally aimed at business drivers for whom lost time is lost money. But women motorists, rightly fearful of being stranded, are also being seen as likely customers.

An JIS installation includes a second battery, mounted alongside the original if there is room. This is kept fully charged while the car is in use and can never be discharged accidentally. If the main battery goes flat, you push a button on the fascia. The reserve battery restarts the engine and as you drive, the car's electrical system should gradually recharge the main battery.



has its own built-in leads, control panel and charger. When the car's battery is flat, you put Powerbank on top, clip on the leads and it will start a petrol engine of up to 1.8 litres capacity. Providing it is recharged, it can be used over and over again.

Powerbank, which is little larger than a shoe box, costs about £100. Look for it in mail order catalogues or contact the maker, Powerbank, 48 Earlsway, Teeside Industrial Estate, Thornaby on Tees TS17 9JU, tel: 0642-750666.



A "re-run" at Brooklands with, from left: a 1948 Frazer Nash fast tourer, a 1952 Frazer Nash Sebring and a 1928 Amfear

It's R for Robert, calling

THE SULTAN of Oman's private VC-10 shimmied in the heat on the runway. The aircraft, fitted with gill fans and luxurious staterooms, was, however, some 3,000 miles from Muscat, its former base.

celebrating British transport history. Sir Peter is using influence derived from 50 years in the industry, which also saw him head British European Airways (now British Airways), the British Airways Authority (now BAA) and London Transport, to obtain some of the top crowd-pullers for Brooklands.

ton's call sign, is no ordinary relic that survived the ravages of war. It spent over 40 years on the bottom of Loch Ness after ditching on a training flight. Part of the forward fuselage was later recovered from a Shropshire farm where it was used as a greenhouse.

When R for Robert was raised from the loch in 1985 and restored, the museum power supply to its electrical system, the bomber's navigation lights lit up.

A handful of enthusiasts plan to put Brooklands on the museum circuit. Tim Burt reports

More than £2m is needed to prepare the museum for its 1991 launch, and Sir Peter, chairman of the Brooklands Trust developing the museum, estimates up to £20m will be needed to realise the dream of racing and flying there again. Sir Peter, former chairman of the trustees of the Imperial War Museum, is devoted to the idea of a working museum

decided the long-haul aircraft was just too small for his needs and bought a jumbo jet to replace it. Brooklands already boasts exhibits which would be the envy of many existing museums. A hundred yards from the VC-10, two of the "tall-boy" bombs which sank the Bismarck, the pride of Hitler's navy, stand guard outside the restored clubhouse.

The Brooklands team are in a race to prepare the museum for 1991. Sir Peter told them: "Eighty years ago, the atmosphere was all of enthusiasm, determination and expectation of great things to come, looking ahead into a sparkling future."

"I hope we can make Brooklands again a centre of interest, attractions, of memories and example for generations to come."

Chess

GARY KASPAROV, the world chess champion, comprehensively outplayed a pair of secondary players in a simultaneous match of unusual interest. Eleven MPs, six peers and four staff members took on the Soviet grandmaster in the Grand Committee Room of the Palace of Westminster, but Kasparov beat them all in under two hours.

White: G. Kasparov. Black: Dr. L. Moonie. Moonie is the Labour MP for Kilmuir. 1 P-K4, P-Q5; 2 P-Q4, N-KB3; 3 N-QB3, P-KN3; 4 B-K2, B-N2; 5 P-KR4, P-N3?

Black loses time, and develops his bishop where it faces a solid chain of white pawns. Moonie is the Labour MP for Kilmuir. 6 P-R5, B-N2; 7 P-R6, B-KB1; 8 P-B3, P-B4; 9 P-Q5, P-K3; 10 B-N5 ch, N-Q2? 11 N-R3, Q-R5 ch; 12 N-B2, Q-Q1; 13 P-B4, P-B3; 14 B-QB4? N-K4?

It may sound like majesty, but 14 P-B4? was better. P-B3 (P-B3, P-Q4); 15 P-R7 ch, and 16 P-R7 ch, B-Q2? 17 P-B3, N-Q3; 18 B-Q4, N-K4; 19 B-N3, N-B4; 20 B-N3, N-B4; 21 B-N3, N-B3; 22 Q-Q4?

Now Black suffers from the light square weaknesses created at move 5. 22 ... Q-Q2; 23 O-O-O, O-O-O; 24 K-N1, K-B2; 25 P-B5, Q-B3? A mistake, but the game is already lost as White can now force an invasion of the sixth and seventh ranks. 26 Q-BP ch, Q-Q2; 27 Q-Q5, P-B3; 28 P-P, Q-BP; 29 N-R3, R-Q2; 30 N-B4, N-Q1; 31 Q-B3, R-K2; 32 N-Q5 ch, K-Q2; 33 NXP ch. PROBLEM No. 774

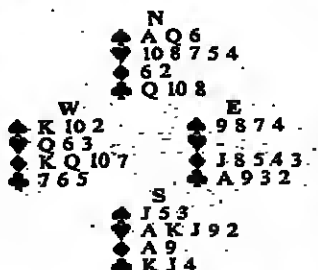
BLACK 7 MEN
WHITE 6 MEN
D. Sherman v. B. Eley, Spalding 1970. Weekend and one-day tournaments, with their highly geared prize funds and long hours, are among the most demanding forms of chess competition. Often, as here, the critical moment in a struggle for first place comes late in the final round with both players under pressure from the clock.

Black, an England international, continued 1 ... P-KR4; 2 RXP ch, K-B3; 3 B-N5 when they agreed a draw. Can you spot the hidden missed opportunity in this sequence? Solution Page XXIII

Leonard Barden

Bridge

TWO HEART contracts from rubber bridge teach us that the wise declarer must consider dummy break breaks before he plays to the first trick. Study this:



At game all South dealt and opened the bidding with one heart. North raised to three and South's four hearts concluded the auction. West's opening lead was the king of diamonds.

Winning in hand, the declarer cashed his ace of hearts and East discarded a diamond. South switched to the four of clubs and dummy's queen lost to the ace. East could see that his partner might be employed, so in an effort to free the position he played back the spade nine, hoping that West might hold three cards in the suit to king, knave, or king, 10.

Dummy won with the queen and returned a club. Cashing king and knave, followed by the heart king, South played with the nine of diamonds. East won and returned the eight of spades. South played his knave, but the king covered and South could not make his contract - he had to lose one trick in each suit.

Let us do better. We allow the diamond king to win, take the next diamond, cash the heart ace and learn the bad news. But we are in control. We play a club to the queen and ace. Taking the club return - East has nothing bet-

ter - we switch to a spade and finesse the queen. This holds, we cash the last club and the king of hearts, and throw West in with the queen. He is employed and has no good return. A spade runs into our split tenace and a diamond concedes a ruff discard.

Now for the next hand:
N 7
S 8 6 4
A 7 5
K 7 5 4 3

With North-South vulnerable South dealt and bid one heart, North raised to two hearts, the correct response, and South went to four. West led the spade queen. Without any real thought the declarer took with

dummy's ace and played a trump to his ace. The fall of West's knave was disturbing and when the king of hearts was made, the 4-1 break was confirmed. Now diamonds had to be catered for, so South cashed his king and crossed to dummy's ace - he got that right - and returned a diamond. East ruffed, led a spade to his partner's 10 and ruffed West's diamond return.

Once again the opening lead should be ducked. West switches to the club queen, the king overtricks and this, too, is allowed to hold. East leads the diamond knave, South wins with the queen and cashes ace, king of hearts. He crosses to the diamond ace and leads a third diamond. East discards - there is nothing to be gained by ruffing - and the king wins. Now the eight is ruffed with dummy's last trump. East can overtrick or discard, as he pleases, but his heart 10 is the only other trick for the defence.

E.P.C. Cotter

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BOOKS

Before and after Indian Partition

A.L. Rowse praises a monument to 'a truly great man'

VIEWED FROM the perspective of world history the British record in India is one of the most astonishing of all. Sir Penderel Moon calls it an "episode", but what an episode! In this tremendous book - the author died after completing it in 1987 - it appears as the wonderful story it is, wonderfully told.

But in no spirit of mere laudation, Moon's is a philosophic mind above all that a true spirit who sees the shortcomings and failures in the enterprise, and of the people involved in it, and awards approval rather sparingly only where it was properly earned.

Himself one of the few truly great men I have known, he devoted his life to India, loved India and had a generous appreciation of the peoples and personalities for whom and with whom he worked. And they responded to him, as the tribute from a distinguished Indian at the end of the book bears witness.

Moon went to India and into the Indian Civil Service when young, out of idealism and in the spirit to serve the land and the people. But he also was a realist. He says, "it may be doubted whether the course of history is determined by moral principles." This is all the more cogent coming from one whose own ethical standards were of the highest. These are evident in his book, as they were all through his remarkable career: justice of mind in the rarest degree, impartiality along with instinctive understanding and sympathy, exceptional clarity and incisiveness of mind.

Moon's interest lay in governing peoples, and this above all is a governmental book: it

THE BRITISH CONQUEST AND DOMINION OF INDIA
by Sir Penderel Moon
Duckworth £60.00, 1,235 pages

explains how what has been called a "miracle" - of such a comparatively small number of people controlling a sub-continent - came about and how it lasts so long. Moon thinks rather too long the hand-over might have been dated after the First World War rather than the second. But was that possible then, in all the circumstances?

Thinking always of the long-term interests of India, Moon would like to believe that Partition was at some point avoidable, and that Pakistan was solely the creation of Jinnah. When one looks at the world today one doubts that national-communal-religious feeling seems the strongest feeling there. Moon has no hesitation in describing "the incorporation of Muslim Kashmir in Hindu India by the professed democrat Nehru without holding the plebiscite that had been promised" as "iniquitous." Moon was a friend and co-operator of Nehru, but was never afraid to pinpoint injustice.

He is ready to describe "a corrupt intriguing scoundrel" among the servants of the East India Company, when he detects one - without sufficiently allowing for 18th century standards everywhere. He does allow for "the venal politicians of England" and condemns "the curse of patronage," but was that any worse than everywhere else in that age? Indians themselves realised that even the Company's



Sir Penderel Moon: his earlier writings include brilliant short lives of Warren Hastings and Gandhi

rule was better intentioned and fairer than native tyrannies, and co-operated accordingly.

This is the main, and original, theme of the book - that British rule was really an Anglo-Indian Raj, and could never have been carried on without Indian co-operation. Moon pays tribute to the qualities of the troops, the sepoys, under training and discipline; even during the Mutiny the majority remained with the British and showed the greatest bravery.

Among many illuminating observations Moon regards "the starting-point of the whole episode" as "the French attempts under Duplex to gain

control of the Carnatic and Hyderabad." The brilliant Duplex was a real imperialist, out to build an empire. It may be doubted if the British originally were: they were traders, out to make profits. But they were drawn on and on into the vacuum created by the collapse of the Moghul empire and of all central authority. Some expansion, onward march, was unavoidable, if not inevitable, constantly against the will, and often direct orders, of the Company's directors and then the government at home.

The great Warren Hastings was really opposed to the Anglicisation of administration and the law, he wished to rule even more through Indian

means and custom. Circumstances, and perhaps the logic of events - were too strong for him. It is nice to see Burke and Macaulay getting their conceptions for their treatment of this splendid servant of the state and of India. Moon concludes mildly that the long draw-out agony of Hastings' impeachment "served no useful purpose whatever." I would conclude that it was the greatest disgrace, and the silliest, in the Whig record.

This vast tome makes a splendid monument to a great man. It is also an indispensable contribution to history - all respect-worthy libraries should have it.

To know was not to act

Zara Steiner on a chilling examination of the Red Cross and its response to Nazi deportations of Jews

UNE MISSION IMPOSSIBLE? LE CROIX ROUGE DANS LA DEUXIEME GUERRE MONDIALE
par Jean-Claude Favez avec Geneviève Billeter
Editions Fayard, L'Arche
Suisse Fr 54.00, 429 pages

THIS IS a book that should be quickly translated into English and read by the widest audience possible. Jean-Claude Favez is a well-known Swiss professor of diplomatic history and currently Rector of Geneva University. He was commissioned to write this study by the International Red Cross and given free access to previously unused archives.

The result is a chilling account of the response of the International Committee of the Red Cross towards the Nazi deportations and killings of European Jewry during the Second World War. In addition to the thousands of documents consulted, some reproduced in this volume, Prof Favez has drawn on his own knowledge of that exclusive Geneva circle of families, who for generations have shaped the fortunes of the International Red Cross (ICRC).

The picture which emerges is one of excessive caution and prudence, hesitation and delay, which, however explicable in terms of the ICRC's "legal" mandate and the exposed position of Switzerland in a Nazi-dominated Europe, casts a dark shadow on its reputation.

In the face of appeals for information and for aid and assistance to those Jews who had been stripped of their legal status by Hitler's decrees, the ICRC "often sought, not the means to act, but on the contrary a justification for not acting."

We already know a good deal about the limited response of the British and American governments in this unique tragedy. Prof Favez shows that the Swiss Government, with more reason, was even less willing to assist these victims of Hitler's ideological crusade. But the focus of this inquiry is the International Red Cross, a humanitarian organisation, and not the government. It was, unfortunately, unrealistic to expect more from Geneva than from our own government.

It was, as Prof Favez's abundantly documented account makes clear, not a question of ignorance. Through personal contacts with German officials and visits to camps, the International Committee was fully informed of the treatment of the Jews before the outbreak of war. Thereafter, through information from national branches, individual agents in place and from Swiss government sources, the ICRC assembled an accurate picture of the

round-up of the Jews and their deportation to the East. Correcting the details, even in Walter Laqueur's *The Terrible Secret*, Prof Favez shows that without appreciating the full dimensions of the horror, the ICRC was told of the key plan for exterminating the Jews in the late summer or early autumn of 1942. During the second half of 1943 and throughout 1944, this information grew in quality and quantity. There were visits to Theresienstadt, in June 1944, and to Tschern, the prisoner-of-war camp at Auschwitz in September.

To know was not to act. Even when apprised of the enormity of Hitler's "final solution," the International Red Cross was unwilling to speak out on behalf of the Jews. At the end of September 1942, 21 of 28 members of the key decision-making committee favoured a public appeal against these wartime violations of human rights. Yet, when the final decision was taken, with the Swiss Government playing a crucial role, it was decided not to speak.

This is a sober, detailed, and carefully balanced book. Prof Favez stresses that the ICRC was a tiny organisation with limited funds, dependent on co-operation of member states and caught up in a whirlwind which undermined those very moral principles upon which it operated. The Geneva organisation was faced by the refusal of the Germans to accept any form of outside intervention in Jewish matters, the Nazification of the German Red Cross, and by the often inhuman responses of a concentration camp guards, when packages and medical aid finally reached civilian prisoners.

Between 1940 and 1944, moreover, the ICRC had to respond to demands for prudence from the Swiss Government. This book has already re-opened an unwelcome domestic debate about the behaviour of the

Berlin Government in wartime. Admittedly, Prof Favez's account centres primarily on the Geneva organisation. He does not explore in any detail the often courageous acts of individual Red Cross representatives in Berlin, Bucharest, Budapest or in Croatia and Italy.

Frederic Born, the delegate sent to Budapest in 1944, is one of the few heroes in this very heroic history, a man who often acted in disregard of orders from Geneva, to aid, hide and move to safety those Jews still free.

The ICRC made some efforts to assist Jews who, even after the Germans sealed the doors of occupied Europe in 1941, managed to secure certificates of immigration and were permitted to leave states not yet under direct German rule. Despite German refusal to grant transit permission, British restrictions on immigration to Palestine, and the closing of Swiss frontiers to Jewish refugees between 1942 and 1944, there were opportunities to save lives.

Some Jews managed to leave the numbers often small in comparison to the enormous efforts made to assist them. But too often, the ICRC proved so anxious to safeguard its neutrality that opportunities were missed, and less done than might have been possible, had Geneva acted with greater speed and resolution.

Prof Favez concludes this history with a country-by-country survey of what the ICRC tried to do and what it accomplished. There is a separate chapter on Hungary, where, as late as the spring of 1944, the Jewish community was still basically intact, and Admiral Horthy willing to negotiate even after the entry of German troops and the beginning of the Jewish deportations.

Would a more positive stand have made any difference? A public appeal in October, 1942, would have fallen only on deaf ears in Berlin. No Red Cross action could have saved the Jews of Germany and occupied Poland. More might have been done in the unoccupied territories of the allies and satellites of the Third Reich, particularly in Romania and Hungary. But even where the efforts of the Red Cross were doomed to failure, it would have been less shameful to have tried earlier, more often, and with greater conviction.



Dibdin



Coonts

HOME RUN
by Gerald Seymour
Collins Harvill £12.95, 383 pages

FINAL FLIGHT
by Stephen Coonts
Doubleday £12.95, (£6.95, paperback) 387 pages

HEAVEN'S EMPIRE
by Simon Bell
Heinemann £10.95, 203 pages

THE TRYST
by Michael Dibdin
Faber & Faber £10.95, 168 pages

COVER FOR A TRAITOR
by Palma Harcourt
Collins £11.95, 283 pages



Bell



Seymour

Hackneyed plots and first-class fun

THREADER WRITERS often receive a bad press in literary circles. They are seen as the poor relations of the business, the hacks who cannot aspire to any higher form of art.

The public, though, continues to buy thrillers in ever larger quantities, perhaps because they are fast and action-packed, with no frills and a coherent plot - everything the modern novel ought to be but rarely is. Some argue that thrillers and detective fiction are what story-telling is all about, and who is to say they are wrong?

Be that as it may, this week's crop of thrillers yields plenty of first-class entertainment, although one or two of the plots are a little hackneyed. Gerald Seymour's *Home Run* - the best of the bunch, though only by a short head - opens grippingly with the public execution of an Iranian girl, and never looks back.

Even as the unfortunate victim is dangling from a crane in Tabriz, her exiled brother swears revenge. The rest of the book sees him making good his threats, one by one, in plenty of gory detail.

It is not as simple as that, of course, for the brother funds his campaign by smuggling drugs into Britain. This brings him to the attention of Scotland Yard, and to a cabinet minister whose daughter died of an overdose and who uses all the resources of the state to see that her "murderer" is brought to justice.

The security services, on the other hand, view the Iranian as a useful ally in the fight against Khomeini. Even those on the same side are against each other, which makes for plenty of skulduggery in the best Seymour tradition.

Final Flight, by Stephen Coonts, is excellent too. It is set mostly in the Mediterranean and the enemy this time is not Iran but a Gadafi-like

figure planning to steal six nuclear warheads from aboard an American aircraft carrier.

The plot may sound a little far-fetched, but the author handles it ingeniously enough. Fans of his previous book *Flight of the Intruder* will be glad to know that Captain Jake Grafton is alive and well and in command now of an air wing aboard the carrier. Indeed Jake is the only man who can stop the Gadafi figure from achieving his objective.

Where the book really scores though, is in its depiction of life as a pilot aboard a super-carrier. The author himself flew bombers in Vietnam, with 305 carrier landings to his name, and clearly knows his stuff. He wastes few words, and writes with great authority.

Heaven's Empire, a first novel by Simon Bell, begins unpromisingly with a disastrous day for gold in New York. Unpromising because the author insists on calling the day Black Friday, which makes it sound too much like all those other black days one has to cope with, not only in fiction, but also in real life.

Fortunately however, the day only lasts a few pages. It ends with the death of a major player in the market, who finds himself down a couple of million or so and apparently chooses suicide as the only way out. He has been deliberately squeezed dry by a person or persons unknown. His friend Sean Drexler sets out to discover who.

The rest of the novel takes Drexler from London and Bangkok to Switzerland and Zaire, on the trail of the mastermind of the operation. The route is thick with arms-dealers, har-girls, Triads, and severed hands picked up by mistake in the dark. The author tells his story with plenty of brio, and the twist in the tail is very neat indeed.

Judging by the advertisement on the cover, Michael Dibdin's new book *The Tryst* would appear to have won the 1988 Goid Dagger Award for the best crime novel of the year.

In fact the author did win the award, but for a different book. This one is altogether more low key, and charts the relationship between psychiatrist Alleen and glue-sniffer Gary, who is in trouble with the police because he discovered a murder victim and probably knows more about it than he cares to tell.

Alleen in turn is tormented by the sight of Gary, whose physical features closely resemble those of her dead lover, and perhaps their aborted child. Is Gary a reincarnation? Is she losing her sanity? Suffice it to say that this is a complex psychological thriller, that much of the action takes place in the mind, and that all comes devastatingly clear in the end.

Cover for a Traitor, by Palma Harcourt, is rather more traditional, an old-fashioned spy novel involving the KGB, the CIA, and the possibility of a

mole in the English establishment.

The search for a traitor is triggered by the death of the British High Commissioner in Ottawa. Did he die by accident, or did he kill himself to avoid a scandal?

The answer lies in Poland perhaps, or Moscow, and it would not be revealing too much to say that the trouble is caused by a woman - one about to become engaged to a future US President.

Nicholas Best

What the butler saw

WELL, WHAT exactly did the butler see? It is this question which the Japanese-born novelist Kazuo Ishiguro addresses in *The Remains of the Day* with all the solemnity of a philosophy tutorial. The butler whose mind and memories are thus examined is one Stevens. We never learn his first name because no-one ever uses it, not even the housekeeper, whose clear attraction to him he fails to recognise.

The "Day," which he revolves in his poor mind as he approaches retirement in the mid-1950s, is the period between the two world wars. He was then butler to Lord Darlington, whose Hall was the setting for many glittering Friday-to-Mondays. Ministers, diplomats, foreign ambassadors and other eminent guests would come to the hall and attempt to settle the fate of the globe in the opulent drawing-rooms after dinner, the atmosphere dense with cigar smoke.

Readers of *An Artist of the Floating World*, Ishiguro's earlier novel, will know that he has a heightened awareness of protocol and formal attitudes. He sees life as being essentially

of conscience has been dimly awakened in Stevens's brain.

On one of his rare holidays he ponders these matters, touring the West Country in his new American employer's Ford car. Stevens seems a strangely incompetent driver for someone whose watchword is efficiency; but, though humourless, sexless, loyal to a fault, he remains oddly endearing as he tries to work out what really happened during those years. Was he a "great" butler or a just moral coward?

By the end, he becomes more of a metaphor for the universal desire of the conscientious employee to hold down a difficult job in the face of adverse circumstances than a creature of flesh and blood. When one puts Stevens beside Ivy Compton-Burnett's magnificently epigrammatic butlers with their measured words of wisdom, on the one hand, and on the other, beside Henry Green's randy corrupt Rance in *Loving*, he does not seem to be truly representative of his profession. Let us hope not anyway.

Anthony Curtis

THE REMAINS OF THE DAY
by Kazuo Ishiguro
Faber & Faber £10.95, 245 pages

a matter of codes of conduct arising from family and group loyalties. This intense preoccupation with codes of behaviour continues to dominate his treatment of the world of the English Great House, an environment with which it is slightly at odds.

The plots that were being hatched while Stevens was dispensing the port and brandy were those of appeasement. Gullible Lord Darlington entertained Ribbentrop, in an excess of pro-German feeling his lordship became briefly a Nazi sympathiser. He demanded of his butler that two maids who were Jewish be dismissed.

Here the breaking-strain of believability, continually stretched throughout, snaps under the strain, but luckily not before the crucial question of at what point obedience to a code of professional conduct may mask an urgent question

Arms and the man

SIR BASIL Zaharoff was a very rich, complex character who was fascinated by guns. He was born a Greek, died a Frenchman and in between was feted in Britain both as a master of political intrigue, employed by the state and as a servant of Vickers, the leading arms manufacturer. That is well known about Zaharoff, who played a leading part in supplying weapons in the First World War and in a number of more minor conflicts around the turn of the century.

Zaharoff's book attempts to fill in some of the gaps. They have come about partly because, shortly before he died in 1936 at the age of 87, Zaharoff perversely destroyed his memoirs. He "did not want to leave anything unpleasant behind him," so Zaharoff's book reconstructs also had an obnoxious life-style. He changed his name several times; he had three marriages: to an American heiress, a Spanish duchess and the daughter of a Bristol builder. He was also frequently on the move, travelling the world on behalf of his various clients, to effect a diplomatic

MAN OF ARMS: THE LIFE AND LEGEND OF SIR BASIL ZAHAROFF
by Anthony Allfrey
Waldenfield and Nicholson £14.95, 300 pages

couple here or fix an arms sale there.

Allfrey has been slush-line in tracking down the details of Zaharoff's various exploits and identifying interesting aspects of his career. And yet in many respects the book is unsatisfactory. It does not fulfil its declared promise of separating fact from fiction.

There are too many tales in the volume which sound suspiciously like exaggeration or hearsay; and then, a few lines later, Allfrey tells us that after all they might not be true.

Thus Allfrey gaily recounts one legend that Zaharoff travelled in disguise, to Germany during the 1914-18 war to visit arm factories on behalf of the UK government. Then follows the somewhat sheepish admission: "There is not one whit of evidence in support of any of this."

Towards the end of his life,

Allfrey tells us, Zaharoff took up residence in Monte Carlo where he had a very jolly time and where he might - or then again might not - have increased his already great wealth by owning the casino.

Allfrey has another annoying habit of inserting into his volume passages of reported speech which are supposed to represent exact conversations of half a century or so ago, involving statesmen such as Bonar Law or Lloyd George. Sometimes, but not always, references are given to illustrate how Allfrey knows the words these people used. The references often turn out to be to newspaper cuttings or other ephemeral sources. Using reported speech in this way is supposedly to help the narrative along, but many readers may find it irritating and condescending.

Maybe a biography of Zaharoff was an impossible task. This volume gives us a taste of the legend and the man, but it falls a long way short of making the reader feel he understands him.

Peter Marsh

Some arcane matters

PENGUIN BOOKS has acquired and is relaunching Arkana Books, setting its prestigious imprimatur on such supposedly unorthodox or exotic pursuits as Tibetan medicine, self-heating, astrology, the occult, oriental meditation and various gnostic forms of religion. The series is presiding over New Age books for mind, body and spirit, but a dominant urge of this new age is to rediscover the old.

Magician Aleister Crowley, who makes fleeting appearances in so many literary biographies from the first half of the century, placed himself massively centre stage in his splendidly intemperate autobiography *Confessions*. His savage rashes for settling old scores by satiric hindgoings would have made *Reveries* a more accurate description. For all its vaunting egotism and unparaphrased redundancies it is a very read-

THE CONFESSIONS OF ALEISTER CROWLEY
edited by John Symonds and Kenneth Grant
Penguin, £14.99, 960 pages

A COURSE IN MIRACLES
Copyright: Foundation for Inner Peace, Tiburon, California.
Penguin, £12.50, 1,175 pages

TOWARDS AWAKENING
by Jean Vayssé
Penguin, £4.99, 170 pages

SELF-HEALING
by Meir Schneider.
Penguin, £5.99, 190 pages. All the above are published as Arkana books.

Geoffrey James

able and effective work of self-dramatisation.

A Course in Miracles shares Crowley's determination to transubstantiate the subjective into the objective, but Crowley, who in boyhood aspired to be the devil's "chief of staff," would have despised its intention of making each reader "Son of God" in 365 brain-bending lessons, deceptively titled by the Foundation for Inner Peace, California.

Rather more persuasive is *Towards Awakening*, Jean Vayssé's elucidation of the theory behind Gurdjieff's methods of achieving inner transformation. It is, however, a relief to turn from the abstract language and elusive promises of Vayssé's book to Meir Schneider's personal and specific account of how he cured himself of near-blindness and went on to lead others to self-healing.

DIVERSIONS

A taste of democracy to take back home

Christian Tyler talks to students anxious to return to China to play their part in a changing order

WHATEVER the immediate outcome of China's political changes...

Shen Ning, 28, is a physicist with a political acuity unusual in a research scientist...



Shen Ning: "Politics has the real role... politics is of paramount importance"

bosses would not satisfy the students. Even a Gorbachev (a hero to many of the Chinese demonstrators) might turn one day into another Stalin.

The disadvantage is that Britain's development is very slow, perhaps even compared with the rest of Europe.

enough to have been a Red Guard at his secondary school. In his luggage he brought samples of volcanic rock whose properties he could not test on the equipment available to him in China.

at the same period. The people in Tiananmen Square, among them some of the best brains in China and the sons and daughters of the best-connected families...

Food for thought



Herbs in May

IT IS impossible for me not to come over all seasonal again in May. There are points in the year when my desire to be seasonal is lost in a welter of leathery greens, unsmiling roots and carefully hoarded bits of sausage...

Fishing

High hopes of a clean catch

Tom Fort explains why we must keep an eye on Lord Crickhowell

IT MUST be pleasant to be the owner of an old Welsh mountain stream. And twice blessed is that man if he is an angler, now that the trout fishing season is in its spring glory...

case is in. Hence the birth of the NRA and the pastime of Lord Crickhowell. I went to see him, not, alas, beside his Welsh stream, but in his ninth-floor office at the Albert Embankment...



Lord Crickhowell: "The pollution issue is the greatest single challenge facing us"

"People must recognise that if they want an effective NRA, they will have to pay for it. There must be no disguising this. There must be effective policing of our waters, and this will be very expensive."

What we have achieved over the years is a row of herbs growing on the inside window-sill (even in London, a second-floor flat can get a lot of sunshine)...

Wines of Westhorne - for more wine value. BULGARIA. Bulgarian wine list with prices and descriptions.

Authority, although apparently happy to dedicate precious funds to the useless publicity exercise of stocking the Thames with salmon, would not, or could not, resist the situation. Nor, oddly enough, would it prosecute itself.

Eventually, the villagers of Wargrave took the TWA to court, and won. The authority was fined, and promised to try to do better.

the NRA? Will it have the will to take on the polluters? And will it have the money? Lord Crickhowell expresses great determination.

have no doubt that we will be more inclined to use the weapon of prosecution than our predecessors. He is also happy with the initial funding, amounting to £70m in grant and £220m from charges.

But cynicism, scepticism and vigilance must be the orders of the day. Lord Crickhowell will, no doubt, fight for his corner. However, it must not be forgotten that the Government's first priority is to get the best possible price for the assets of the water industry.

Inside the real Revolution

William St Clair on British aspects of a French cataclysm

BASTILLE DAY is always a holiday in France. Even in a normal year you can join the cars driving round Paris or take part in dancing in the streets.

only the ideas of the Revolution as seen at the time, but the continuing tradition of contemporary French philosophy. There are still a few events to come in June.

temporary materials seldom exhibited. But if the exhibition succeeds as a spectacle, it is unsatisfactory as an explanation. There is scant attention to the ideas and ideals which made the Revolution so attractive all over Europe.

abuses of hereditary privilege, the British Government's response was to clamp down even tighter. It had been among the boasted liberties of Englishmen before the revolution that they could not be imprisoned without trial.

king, or trying to assassinate him or members of his family. After many days of argument, a brave jury decided to extend the coverage of high treason to include peaceful protest and demands for parliamentary reform.

sketch of Thomas Holcroft and William Godwin as they faced the crisis of their lives. It was drawn illegally by Sir Thomas Lawrence in the courtroom.

The chives you grow yourself really are better than the bought kind because they are generally finer and more grass-like, which is how they really ought to be.

Wines of Westhorne - for more wine value. BULGARIA. Bulgarian wine list with prices and descriptions.

For a full report on the 1988 Bordeaux vintage, together with a detailed appraisal of the climatic conditions, the style of the wine, the market situation and, perhaps most importantly, an expert independent view on whether this vintage should be purchased as a primeur.

But if revolution could happen so easily in France, it could also happen in England. As demands mounted for reform of the more glaring

But it is not too late to plant your window-sill herbs now if you hurry.

In law, high treason is defined as making war on the

It was probably that decision more than any other which saved Britain from violence. One of the glories of the British Museum exhibition is a

It is not too late to plant your window-sill herbs now if you hurry.

Peter Lewis

DIVERSIONS

Stars shine in Chelsea's heat

THE HOT weather troubled the peonies; there was not a sign of an unvarnished, non-white plant box; somebody was actually showing woad. Nonetheless, there were things at Chelsea Flower Show which were outstanding and I rated it higher than the previous two years. Admittedly, the tent was so warm that the scent was wafting to and fro from Ken Muir's strawberries until even the stiff heads of stocks from Slough Corporation seemed rather mouth-watering.

Among the main exhibitors, Peter Beals had managed to show old-fashioned roses so that they did not droop unduly in the hot weather. It must be years since Chelsea saw the climbing white rose *Madeleine Selzer* and the pink moss rose *Louis Leveque* looking quite so unruined. They put the new roses to shame.

I particularly appreciated the display by Goldbrook Plants, of Hoxne, Eye, Suffolk. It staged a wonderful range of hostas and refused the snobs who feel that this family has been overpublicised. The nursery's list is a connoisseur's dream and the owner is as keen on the species varieties as on the many hybrids. When I saw her, she was worrying that London tap-water might make lime-marks on the leaves of her best plants.

None of the big stands could compete with the charm of the two small ones, my particular stars for the year. As non-gardeners appear to think that keen gardeners are slightly potty, they may draw the wrong conclusion from my view that the most delightful show of plants from seed was put on by Peper Harow, a residential home for disturbed and delinquent adolescents. The place is a charitable concern in Godalming, Surrey, which says

that "deprivation and cruelty have taught our residents that they are worthless; our grounds and gardens try to counter this feeling by rich displays of colour and flower beds and attention to detail everywhere." It makes me feel much better about my weekend priorities as a parent.

Anyone who looked at their array of hanging baskets could only agree with them. The colours were beautifully mixed, pale lilac daisies with pink impatiens, a striped verberna, rich ruby-red petunias and the clear yellow of the easy, but

owed by the best single garden I have ever seen at the show: the rock garden at the awkward end of the Bank, planted by the Alpine Garden Society for their 60th anniversary.

No consultant, landscaper or architect has been allowed near it. The society's secretary, Michael Upward, pulled it together with help from Joy Hulme and Mrs K Dryden, doyennes of the society's growers, who had had special licence with the woodland plants. The entire exhibit refuted the view that fine alpine plants can only grow in ugly rockeries. The

which looks like weathered stone. Rare plants had been carted to London in car-boots from as far as Scotland.

There were superb white ramondas, rare cypripedium orchids, remarkable calceolarias, star and trumpet gentians, and little mats of starry blue *Frank* which were under control. Many of these plants would have won awards if they had been shown in the Main Tent. There were such riches, from a sink filled with white and primrose yellow sprays of saxifrage to a group of tumbling *Genista Lydia*, and back through white primulas to the satiny flowers on some very special *Oxalis*.

The budget for this garden was fixed at a maximum of £4,000. The figure may make the PR departments of other Chelsea layouts wonder where sums 10 times that size have disappeared. Perhaps they should contact Michael Upward. He and his members have been tending down hand-picked tufa rock by soaking it in chicken manure for two years. Why buy plants when there are growers and gardeners who will lend them and show them in a much greater range than can be shipped at short notice from Holland?

When the society wanted garden steps, it decided on old railway sleepers, a trick which keen gardeners often use. Which magazine keeps a check-list of station depots which still have sleepers for sale. Up the centre and sides of this charming garden ran sleeper-steps from Upward's local station at Woking. Spare a kind commuting thought for this garden when the trains start to behave as if a section of track is missing from the timetable. It was a marvellous achievement, and will go down in the tradition of great Chelsea.

Robin Lane Fox looks beyond the main show exhibits and concludes that small is best

ignored. Bidens. Baskets of soft pink *Diascia Vigilis* were hanging on the edges of some none-too-special concrete walls and paving.

The hanging basket is abused in so many towns and "city centres", where crudely striped geraniums and bright lobelia fight for supremacy. I can think of quite a few parks gardeners who could usefully be seconded to learn Peper Harow's admirable lessons.

Much of the centre's main building was destroyed by fire in February, but they are housing their children as best they can. Gardening sets a mood, spreads hope, and takes us out of ourselves. It was a treat to hear and see this truth; I wish that hospitals, let alone company headquarters, could realise the same point so clearly.

My other star lay outside the Main Tent. Year after year I have lamented the style of the outdoor gardens at Chelsea, but this year they did seem to be a better hunch. Unfortunately they were overbad-

colours ran charmingly from pinks back to whites and yellows, the rise and width of the steps were perfectly judged, there was a waterfall which did not gush and there were no lights, lions' heads or irrelevant spots.

The gravel was the right colour for the rocks and the mulch was discreet, not an overload of chopped bark. The only "features" were handsome sinks and troughs, some of which had been cunningly let in to the bottom of the bank.

It was such a huge relief. After so many years' frustration here was a garden which looked like the gardens we know and can imagine ourselves producing. It had been planned for at least two years; the society had been choosing the rocks since 1987. It invited members to send plants, most of which turned out to be unusable. It had earmarked the collection of sinks from a late member in Sussex. Some had been cleverly faked with the society's recipe for a coating



Well dressed for winter or summer: Danny Gillman in Gore-tex jacket, Yeti gaiters and Scarpa Manta boots

The cloth for all seasons

Peter Gillman on the best way for walkers to stay dry

BEINN TULAICHEAN, in the Southern Highlands, may not be among the most renowned of Scotland's peaks, but on the morning we approached it last February it certainly appeared one of the most intimidating. A burricane had swept through Scotland the previous day, damaging houses and blocking roads. Tulaichean seemed to glare down at us, the clouds that boiled around its icy summit warning: "Stay away."

We had chosen our route so that we were climbing in the lee of the prevailing westerly gales. The wind found us nonetheless, numbing our cheeks and driving freezing rain into our eyes, and we had to scuttle between gusts to the summit cairn.

But as we sipped stout in the welcoming ambience of the Kingsbarns Hotel near Lochearnhead that evening, we judged that we had been well within our safety margins. We felt reasonably fit, had allowed plenty of time, and had been suitably clothed and equipped. For that we thanked, above all, Gore-tex.

It was two years ago that I discovered how valuable Gore-tex can be. Properly rendered as Gore-Tex, it is the proprietary name of a remarkable fabric whose unique quality, at least until the recent arrival of competitors, is that it is breathable.

Before Gore-tex I had suffered the perpetual dilemma of climbers and walkers in the wet, not only in winter but also in the kind of weather we usually enjoy. If you leave of your anorak the rain soaks you from the outside. If you put it on - especially during a summer storm - you are drenched from the inside with sweat.

What was needed was a fabric which would keep out the rain while allowing the sweat to evaporate, and a US company named W.L. Gore duly obliged.

Bill Gore was a manufacturer of electronic wire insulated with a substance known as PTFE or teflon, as used in non-stick saucepans. His son Bob discovered that, when stretched, PTFE was porous. What was more, the pores were just large enough to allow sweat molecules to pass through, while blocking larger rainwater droplets.

After working out how to bond PTFE to traditional textiles, the company began producing outdoor clothing in the mid-1970s. My initiation came when I traversed the Five Sisters of Kintail, the magnificent ridge above Glen Shiel, in 1987. The day began perfectly but, true to form, a Highland rain-storm hit us between the fourth and fifth Sisters. My son Danny, who was wearing a conventional nylon anorak, was soaked, while I - in brand-new Gore-tex anorak - remained impressively dry.

It was not until I visited the Pindisports equipment shop in Holborn last year that I appre-

ciated Gore-tex to the full. Until then I had merely worn Gore-tex over the usual rag-bag of clothing - tee-shirts, shirts and pullovers - but this, store manager Ray Scott explained, was wrong. The full value of Gore-tex comes only with what Scott terms the three-layer system.

The innermost layer consists of vest and longjohns which possess the quality known as "wicking", meaning that they draw moisture away from the skin. Bely Hansen make the best known version from the artificial fibre polypropylene, but they now face tough competition from US firms like Patagonia, which use a proprie-

etary lighter-weight item, of which North Face make some of the most stylish. In conditions like those on Tulaichean the heavier versions proved more resilient, with Phoenix's Amatyst jacket, which includes a zip-out inner lining, and its Crystal TX jacket and over-trousers, particularly impressive.

The success of Gore-tex has inspired other manufacturers to devise similar fabrics. These include Sympatex, which filters out vapour via the fabric's molecular structure, and Versatech, which "breathes" through a clove-leaf weave. The British mountaineer John Barry is a strong advocate of

from. On anything but the easiest ground you need substantial ankle support and ridged or patterned soles to ensure a good grip. Pindisports say that their best-selling boot is the Zamberian Trek Lite, which Scott describes as "ideal at the light end of the market," namely for summer walkers who might also spend a week in the Lake District. At £79.95 they are at roughly mid-point in the range.

Other models range from £30 to over £100. For about £40 you can buy a pair of Hi-Tec Trail boots, which are suitable for light summer walking but may not withstand a drenching and are likely to have a shorter life. For about £110 you can have a pair of Timberland Hikers which may only justify their cost if you prefer a fashionable name.

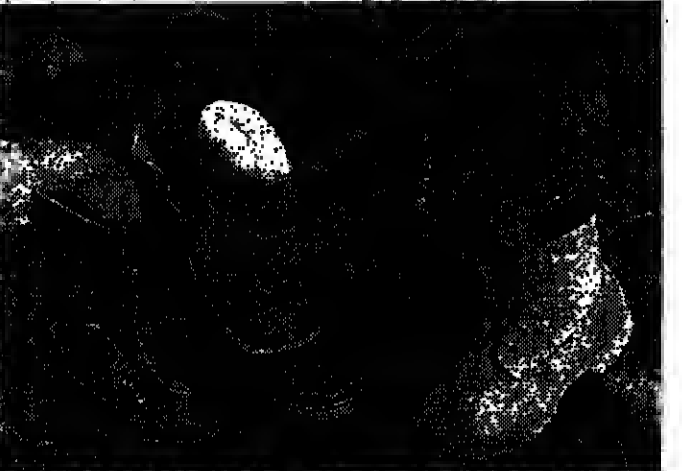
One of the best pairs, in my family's experience, is the Brocco Hillmaster, at £69.95. My wife wore them to climb Ben More, the Munro on the island of Mull, and found them remarkably wear-resistant.

If you find the array of boots bewildering, the best solution is to find a sympathetic assistant in a good retail store like Pindisports. Their first question should be: "What kind of walking do you need them for?" My guiding principle is not to economise, whether with anoraks or boots, since you are buying both comfort and safety.

Among other walking equipment on the market, it is worth considering Yeti gaiters. Unlike the old gaiters which covered just your ankles and calves, the Yetis envelop the entire boot and make them virtually watertight. They are indispensable in the winter and invaluable anywhere it is likely to be wet. Manufactured by Berghaus, some models are designed to fit Scarpa boots, while others are interchangeable. Prices range from £25 to £35.

I have also come across a remarkable pair of gloves, the Caravan, which have authentic "wicking" qualities. I have worn them on long winter walks and my hands have remained dry and warm. At £3.95 they are a bargain.

Finally, and as a footnote to my recent article about the Ordnance Survey, I recommend the OS's new "Mountaineer" maps. Responding to the complaints of walkers that their maps disintegrate in the rain, the Ordnance Survey has produced a waterproof 1:25,000 map of the Ben Nevis range at £5.25. Having tested it in a blizzard in March I can vouchsafe that it works.



Getting it right: The Alpine Garden Society marked its 60th anniversary with this superb exhibit at the Chelsea Show



Getting it right: The Alpine Garden Society marked its 60th anniversary with this superb exhibit at the Chelsea Show

Bad design hits the rocks

IHAVE just seen in a garden centre a demonstration rock garden so extravagantly horrible that it seems time to say something about the proper construction of rock gardens - if indeed they are considered necessary at all.

I make that reservation because most rock plants succeed just as well, and sometimes better, in raised beds and walls built with soil instead of mortar. I am prepared to admit, however, that a well-made and well-planted rock garden can be uniquely beautiful.

The correct way to build a rock garden is to use plenty of soil, with only just enough rock to create the illusion of a natural outcrop. But most of the stones well into the soil so that they appear to have been exposed by natural erosion. The best preparation for rock garden building is a drive or a

walk through any part of Britain where rock has been so exposed. It does not have to be a mountain region, since beautiful natural outcrops are found at any level and formed from any stone, stratified or otherwise.

The only stone that should not be used in Britain is limestone pavement, yet this was precisely the one chosen by the misguided gardener who had constructed the garden centre example I so much disliked.

There are two good reasons why it should not be used: one aesthetic, the other conservationist. The latter is far more important than the former. Limestone pavement only occurs in a few places in Britain, and in small quantities. What there is has been ruthlessly plundered for the last hundred years, ever since "natural" rock garden making became fashionable.

It is stone that has been



follow the same angle.

It could be steep or shallow, according to the effect desired. A steep angle is more dramatic but provides less scope for planting than a shallow angle. The latter makes it possible to leave considerable areas of soil between one level of stone and the next and clothe these with big drifts of plants.

It is not only unnecessary to use scarce stone, such as the Cornishian weather and water-worn limestone, but is also unduly expensive. The best and cheapest rock is usually the one that can be found nearest to home, since it is the one that is most likely to look natural if it is well placed. Yet even with the simplest sandstones it is possible to go completely wrong by failing to observe how the stones lay before they were quarried.

There is an urge to make the most of each stone by standing it on end and losing very little of it in the soil. This is false economy, and the result can look like a dog cemetery.

It is impossible to make rock plants look right in that kind of setting. They need almost flat pockets of soil over which they can spread, vertical rock faces over which to tumble and crevices between rocks in which those plants which need the sharpest drainage can feel entirely content.

The final skill lies in giving coherence to the whole composition, and that requires a personal involvement and a receptive eye which cannot be transmitted in writing. The good rock garden builder is an artist, and was probably born with that talent.

Arthur Hellyer

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HOW TO SPEND IT

Lucia van der Post on plans for a famous footwear house, a sporty new men's shop and rose-scented soap — at £150 for two bars

Ferragamo dips a toe in the fickle waters of fashion

THEY SAY you can tell a lady by her shoes. If that be true then they don't come much more ladylike than those who wear shoes by Ferragamo. And that for Ferragamo is something to ponder, for ladylike is not much in vogue at present.

The very awareness of the Ferragamo label is an indication of the success of the brand. It is not only the luxury shoe market and a barrier between it and the more adventurous world of the young and up-to-the-minute.

How to bridge the gap, to keep the comfort, the quality, the integrity and yet capture the eye, interest and pockets of the young and zippy is the challenge. How, too, to transform a respected company known mostly for shoes into an internationally recognised complete "house" is currently turning heads in the Ferragamo headquarters in Florence's Via Tornabuoni.

Not that the challenge is insurmountable. It could be said to be anything other than exhilarating. Ferragamo must be one of the most delightful companies in the world to run.

Based in the magnificent Palazzo Feroni in Florence, it is still entirely family-controlled. Led by the redoubtable Wanda, widow of the much-loved Salvatore Ferragamo, who from his small village east of Naples turned his love of the cobbler's art into a worldwide empire, each and every division is in the loving care of one or other of the six Ferragamo children.

Business is booming. In the ten years between 1978 and 1988 turnover increased from \$10m to \$100m, and for 1989 Signora Wanda Ferragamo estimates that it will increase by another 30 per cent to \$140m. It is, by any standard, a huge success story.

And yet, and yet... in the Palazzo Feroni one senses that there is much mulling over the future. Salvatore was an innovator. He was obsessed with comfort. Comfort is what Salvatore works for. He had backbreaking hours to solve and what brought the rich and famous to his shops.

He was also the inventor of the wedge, the pioneer of perfect fitting. As the eldest daughter, Flamma, the Marchessa di San Giuliano, who is in charge of the shoe operation, puts it: "Other people's shoes may look prettier on the shelves, but ours are designed to look much prettier on the foot." He was always pushing forward the barriers, coming up with ideas and designs that were revolutionary in their time.

Where are the revolutionary ideas coming from today? They are looking for ways of combining the comfort and the fit — Ferragamo still today offers every shoe in many sizes and widths up to 5 AAAs — with fashion. A start was made back in 1978 when a design called Vara, which featured



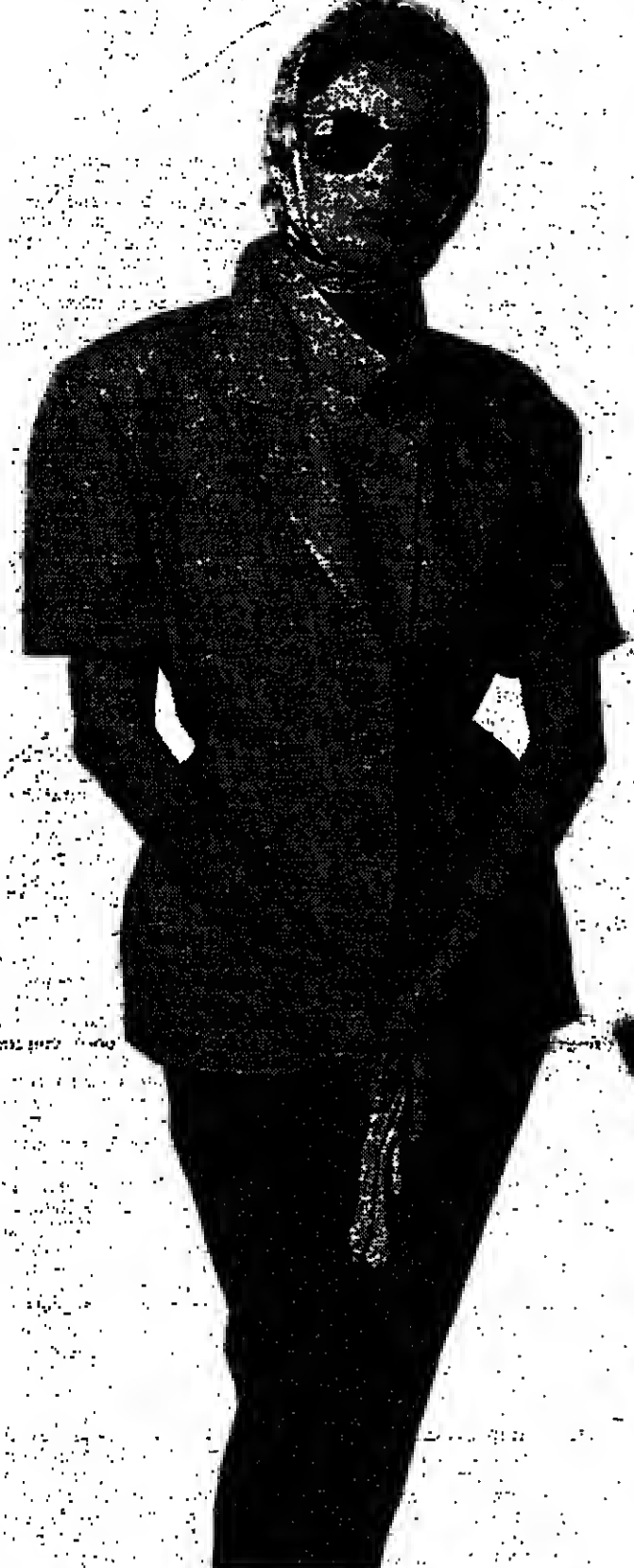
TO THOSE in the know the name of Amagansett brings a whole set of images to mind — weatherboarding, white-whipped waves, cool blues, trim haircuts, penny loafers, clamshells. Those of you who, like me, have never been to this small fishing village on Long Island will just have to take the word of those like Hugh Chambers, who have.

Amagansett for Hugh Chambers stands for an easy, sporty, relaxed way of dressing — nothing too formal, too pompous or too severe. In his eponymous shop, which opens at 201 Kings Road, London SW3 next Friday, you will find all

the ingredients for the comfortable weekend wardrobe — cotton cable-knit sweaters in 12 scrumptious colours, flannels and lightweight cotton trousers, cotton shirts with extra deep yokes, easy jackets, pure wool blazers, handmade brogues and penny loafers.

Photographed here, HE is wearing the most formal look on offer — a pure wool double-breasted blazer (£164) with a cotton shirt (£34.50), silk tie (£24) and beige twill trousers (£64).

SHE is wearing one of the cable-knit cotton sweaters which come in 12 different colours (£65), teamed with a pair of Levi 501s.



Photographed above is the Ferragamo look for this summer — cool, classic, well-tailored and, of course, well-heeled. Greige linen longline jacket with a double collar (also in

purple and black), £220, olive green ribbed cotton skirt, £36. Everything can be found at Salvatore Ferragamo, 24 Old Bond Street, London W1.

of the Ferragamo shoes through the ages. In four different colourways, it costs £38, and is Ferragamo's fastest-selling single item.

The Gama shoe is a typical Ferragamo classic — perfect for wearing with trousers or

newer and fresher. In navy, black, beige or fuchsia, £160.

Top left are two of a series of gilt shoes — wear them as brooches or collect them to make a charm bracelet, £39 each.

Chic Florentines bring a touch of wit to the headbands by sporting the version topped with the highly successful Vara shoe (£19). Any of the items can be posted for an extra £3.35.



this season's city shorts. In white leather, sizes 4-8, £138. Ferragamo fans collect the cardigans and jackets which are transformed into something elegantly formal with their edging and cuffs of grosgrain. They come in all colours and different shapes; for this summer the shorter spencer cardigan looks

proper protection, so invest in a pair that not only screens out the dangerous rays but look good at the same time.

Currently the chic frame sports a tortoiseshell effect — the pair featured above are made from cellulose acetate, are from the new Giorgio Armani range and can be found in branches of David Glinow Opticians in London, Watford and Bristol for £20 a pair.

JUST occasionally mistakes can turn out to be very good news indeed. Once, I accidentally left an apple crumble in the oven longer than intended. The crumble as I pulled the dish from the oven gave way to quiet satisfaction when we tucked into what turned out to be a more crumbly delicious crumble than my normal recipe. (A bit longer cooking was the key to success here; much longer cooking results in burnt offerings.)

Another fortuitous mistake arose recently when, shopping in too great a hurry, I picked up what I thought was a packet of Parma ham. It turned out to be Parma-style coppa, a meat I remember relishing in Italy but had never knowingly come across in a British supermarket before. Both products

Coppa: worth its weight in gold

are specialties of the same region but coppa is a very different treat, spicier and more savoury, and in many ways more useful — although if you are aiming to serve *prosciutto e melone* the more subtle taste of Parma ham is preferable.

Coppa, or capocollo as some call it, is boned shoulder of pork, cured with spices, rolled into a fat round and cut into salami-like slices for serving. The Fiorucci brand, which is what my local Waitrose stocks, is labelled as "coppa tipo Parma," a distinction worth making as Roman style coppa (also known as coppa di testa) is a sort of pig's head brawn.

Ever since my chance discovery of coppa from Parma in vacuum sealed packets I have been buying it up greedily, and it has become one of my favourite standby larder cupboard items. Like vacuum packed Parma ham it has an enviable long shelf life, but it is not quite so expensive.

Coppa can be cut into sandwiches and served with celeriac under a cloak of Hollandaise sauce. The meat can be combined with peppery watercress to make distinguished sandwiches, or used to add the finishing touch to a dish of cold chicken, to serve with cherry tomatoes and other simple salads when the sun lures us out to lunch in the garden.

Above all I think coppa makes a magnificent accompaniment for pasta. Mix and match the two of them with other store cupboard items, the fresh foods (such as lemons, eggs, parsley and a hunk of Parmesan) that we all try never to run out of, and standard freezer reserves (sticks of frozen double cream, cubes of chicken livers, bags of peas and so on) and you should always be able to conjure up enticing meals at short notice to delight unexpected guests.

Spaghetti with chicken livers & lemon (serves four to six)

This lusciously rich dish comes from Elizabeth David's *An Omelette & A Glass of Wine* (Penguin). I use less coppa and more chicken livers than she specifies because of the weights in which these ingredients are usually sold.

500g or 1lb 3oz spaghetti or tagliatelle; one 70g packet of coppa; one 500g tub chicken livers; finely grated zest of one or two lemons; eight tablespoons olive oil; four to five garlic cloves; four eggs; 4½oz Parmesan cheese.

Bring a large pan of salted water to the boil. Put some plates and a deep serving bowl into the oven to heat up. Cut the coppa into snippets and reserve. Chop the livers into smallish pieces and put them into a separate bowl. Grate the

lemon zest over them, then crush the garlic with salt and stir it in gently.

Grate the Parmesan. Beat the eggs into it, season with salt, plenty of pepper and a little nutmeg if liked. Cook the pasta until al dente. While it is cooking, warm the olive oil and saute the chicken liver mixture briefly — just two to three minutes — adding the coppa towards the end.

Away from the heat tip the egg and cheese mixture on to the hot, freshly cooked meats. Drain the pasta roughly and turn it quickly into the warmed serving bowl. Add the same, toss like a salad to mix well and serve straight away.

Macaroni with mangetout & coppa (serves four to six)

Pork meat and peas nearly always go well together and



was almost impossible to follow. Here, then, is the complete recipe, which serves six or more as a first course.

6oz celeriac and 8oz crisp, slightly acid, dessert apple (grated weight in both cases); ¼pt mayonnaise or a little more; ½pt stock; one x 225g tub of strained Greek yogurt; one tablespoon gelatine powder; 8oz cooked and shelled prawns; one to two bunches watercress; a little vinaigrette dressing.

Sprinkle the gelatine over half the cold stock. Leave to soften and swell, then dissolve gently and set aside to cool. Stir the remaining stock into the mayonnaise, adding it gradually.

Grate the celeriac and apple, weigh them and add them to the mayonnaise mixture quickly, before they discolour. Season lavishly with salt and pepper, stir in the cooled gelatine and refrigerate until nearly set — about 15 minutes.

Fold in the yogurt gently, turn the mixture into a dish, cover and chill until about one hour before serving.

Dip the watercress sprigs to vinaigrette and shake off excess, then toss the prawns in the dressing. Put the watercress into a small bowl, pile the prawns on top and hand the salad around together with the mousse. Or, if a shallow dish has been used for the mousse, you could crown the salad just before serving. Cut cakes, wafered in the oven, make a good accompaniment.

Philipa Davenport

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IN BRIEF

GRAND, classic names are in the news. Anybody interested in the roots and origins of that most famous of all scarves, the Hermès, beloved of the grand, the famous and the royal, should make a point of going to the Hermès exhibition at the Mall Galleries, near Admiralty Arch, London SW1 from June 1 to 5.

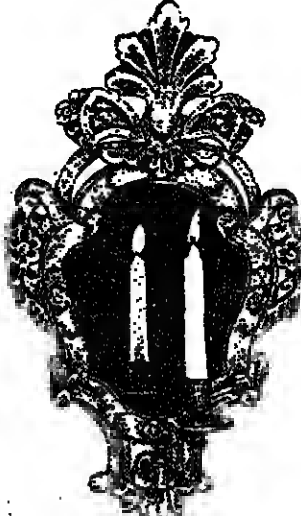
Whereas once upon a time the Hermès scarf only adorned the heads of the rich, old-fashioned and the retrograde, today it has become newly popular, with almost every fashion editor in town discreetly building a collection. So go along and see scarves in all their glory, the silk they are made from, the myriad techniques that go into their making.

If you've never been very good with scarves and are looking for new and interesting ways to tie them Hermès has a booklet full of suggestions. As the introduction puts it — "When is a scarf not a scarf? When it's a belt, a bustier, a bandeau, a bracelet, a toque, a turban, a shirt, a sarong, a shoulder sac, a pillow sham, a painting..." The booklet is free from Hermès shops, or send an a/c to Hermès, 155 New Bond Street, London W1Y 9EA.

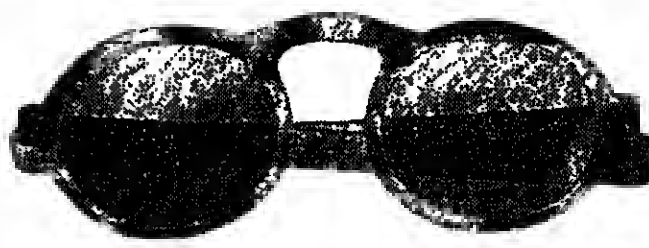
THOMAS Messel makes the sort of small pieces of furniture and decorative accessories that one hopes to come upon in antique shops and seldom does. Though all his pieces are, of course, new, they are mostly made to complement interiors of a rather grand and traditional nature.

Most feature paint effects, some (mainly what he calls a Library Collection of antique leather-bound books which open to reveal ice buckets, photograph frames and match-box covers) depend upon trompe l'oeil, others have a little gliding. Those looking for wall brackets or candlesticks, tablemats or frames of a sort that are neither aggressively "modern" nor overtly antiquarian might find his gentle reproductions fit the bill.

Shown here is an early 18th century style mirror-come-light, in Venetian Grey finish highlighted with some gilt. The version shown here is designed to take a candle but there is a design which has a



double arm and is wired to take electrified candle fittings. 2220 from Thomas Messel, Bradley Court, Wotton-under-Edge, Glos GL12 7 PP. (tel 0453843220).



BLIND eyes need careful protecting from ultra-violet rays and as the ozone layer becomes increasingly damaged greater care needs to be taken. Good sunglasses are essential to protect the retina when sitting or when changing from our (normally) grey and temperate climate to the strong sunshine of Africa, India and Asia.

Cheap sunglasses with cheap lenses do not give

proper protection, so invest in a pair that not only screens out the dangerous rays but look good at the same time.

Currently the chic frame sports a tortoiseshell effect — the pair featured above are made from cellulose acetate, are from the new Giorgio Armani range and can be found in branches of David Glinow Opticians in London, Watford and Bristol for £20 a pair.

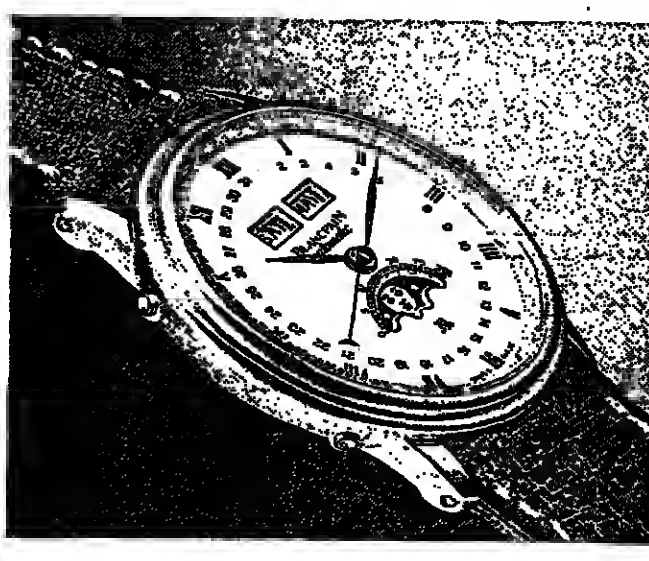
TIMED to link up with The Chelsea Flower Show and newly on sale at Harrods is the first soap for more than 200 years to be scented with rose oil. Last year seven acres of English roses were culled to produce a single litre of rose oil, which was just enough oil to scent 1,000 bars of soap.

These are what you might call limited edition soaps, but given that they cost £150 for two tablets they might also be collectors' soaps. Those who buy them will certainly be getting more than just soap for their money — the packaging, designed by Peter Windett (the

"poet" of graphic design, according to one commentator on the scene) is exceptionally pretty, featuring a box in the shape of an old-fashioned library book.

For the moment this may seem a little esoteric for those of us who do not have £150 to spend on two bars of soap, but the techniques developed to extract the rose essence (pioneered by Dr Peter Wilde) should enable us to buy more attractively-priced cosmetics scented with English rose all very soon. In the meantime Wilde English Rose Soap can be found at Harrods.

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ARTS

Old Masters look cheap at the price



Detail from "Raphael and the Fornarina" by Ingres, estimated at \$700,000-\$1m

NEXT WEEK is Old Master week in the New York saleroom with both the auction houses deciding to sell important old masters there instead of in London, as is more usual. "The Halbardier" by Pontorno, which, it is claimed, is a portrait of Cosimo de Medici, is the main attraction at Christie's and it has already been very widely publicised: it is expected to fetch in excess of \$2m. Sotheby's offer a varied array of pictures from the collection of the late Walter Chrysler. As both the Pontorno and the Chrysler pictures have for some years been on display in museums, the press, grasping for something new to report about the sale-room other than record prices, have turned to talking about the depletion of America's heritage.

What is most remarkable about the sales, however, coming as they do on the heels of the big Contemporary Art sales of a few weeks ago, is the estimates: here we have paintings, some painted by great artists, as long as three or four centuries ago, and they are expected to fetch only a fraction of the price that works created within the last two decades realised. To stimulate interest, the auctioneers have names that are synonymous with wealth in both the Old World and the New. American collectors may be ostentatious in their spending (as the recent Contemporary Art sales demonstrated), but it helps for them to be assured that they are in good company.

Apart from the Pontorno, Christie's are banking on a still-life by Jan Davidsz de Heem to fetch a high price: one of his pictures realised a surprising \$6m at Christie's, New York, about a year ago. Next

week's picture which is altogether less showy, is estimated at \$300,000-1.2m. Americans have always been attracted by still-life and there are several other less-expensive examples, both Northern and Italian, in the sale. Two other rare paintings, both with estimates of \$1.5-2m, are a large Pieter Breughel the Younger, "The Battle between Lent and Carnival," and a Jan Steen of "The Fair at Warmond." Still landscapes and Jacob van Ruisdael, are estimated at \$100,000 and \$200,000 respectively.

Homan Potterton reviews next week's sales in New York

gamepiece by Samuel van Hoogstraeten (\$30-40,000), a signed Jacob Backer history painting (\$30,000-50,000) and a fine Genoese work by Gioacchino Assereto (\$30-40,000). Another interesting Italian scene painting, this time signed, shows a girl playing a lute with an elaborate still-life of books and musical instruments: it is by the little-known Cristoforo Murari and is estimated at \$60-80,000.

The Old Master and 19th Century Paintings from the Chrysler Estate, to be sold by Sotheby's on June 1, are only a small part of the extensive and varied collections assembled by the colourful Walter Chrysler during a lifetime of collecting. Those now for sale were bequeathed to his nephew, Jack Chrysler, but about 85 per

cent of his collection, including great works by such artists as Veronese, Bernini and Gauguin, have been donated to the museum at Norfolk, Virginia, which bears his name and to which he gave an endowment of about \$6m.

Works in the sale range from a few Italian primitives to three paintings of women by Lord Leighton, Burne-Jones and Rossetti respectively. Two panels from a Signorilli altarpiece are estimated at \$50-70,000, and a rather beautiful early Francia, brought to America by Duveen, is expected to fetch \$250-300,000. Works of the Northern Renaissance include a "Lucretia" by Cranach the Elder (\$500-700,000).

There is less quality when it comes to the Italian 18th-century and the Flemish 17th-century; but among the Dutch 17th-century paintings are several excellent pictures by such artists as Flinck (\$30-40,000), Judith Leyster (\$100-150,000), Hondius (\$300-400,000) and Houbraken (\$200-300,000). The top estimate is for a Bolto architectural capriccio with the painter's self-portrait (\$1-1.5m); but the most attractive memorials to Chrysler's unusual taste and judgement are a really fine Valerio Castello (\$500-700,000) and a Giuseppe Bontio "Musical Party" (\$500-400,000). At the time that Chrysler bought these paintings in the 1950's, few people can have ever heard of the painters.



Plumbed in

David Murray on David Blake and John Birtwhistle's new opera

THIS NEW opera at the Coliseum by David Blake and John Birtwhistle inaugurates an English National Opera series of the most excellent intentions: there is to be a new production every year of a commissioned new opera. It wants then to consider *The Plumber's Gift* in the friendliest possible way, to look appreciatively at its name, its title, its shiny little hopes, its any-where-but-into-my-mouth. That, however, is where the trouble is.

Birtwhistle is a poet and an academic; it doesn't follow that he must be an academic poet, but as a dramatist he turns out to be exactly that. His libretto assumes that six stock "contemporary" characters, not in search of an author these many years, will come to operate like anything so long as the music is occasionally to poetry. It is to be safe, he has never less allotted them an act-long "dream-sequenced, equally inert but different, a period-pastiche "pastoral" (blatantly inspired by Andersen's for the *Stravinsky Rite* and the *Haydn Piano*). There, Blake's *Plumber's Gift* is a do-some-musical-pastiche of his own, but elsewhere the singers often seem to speak flat Lower Chekovian without musical support.

The idea for the opera is a hoary archetype, the class-distinct pair of couples who, must undergo trials in an unfamiliar place and emerge transformed (or something): *Evil-Good; Magic Flute* and *Die Frau ohne Schatten*, and closer, still: Tippet's *Midsummer Marriage* and *Knot Garden*. Here we have a disgruntled City couple coinciding in a seaside guesthouse, with a plumber and his secretary girlfriend, who has had an earlier liaison with the City chap. The landlady and her permanent guest The Eccentric Retired Commander supply snobish comedy-of-embarrassment, but also double as mystical elders, *Midsummer Marriage* style. It would be unkind to illustrate the colloquial manners of the text by citation; you could find them matched in almost any dusty volume of J.C. Trewin's *Plays of the Year* series.

For the poetic numbers - solo arias, a few brief effusions and one lovely, detached sextet between scenes - Blake has devised music of some pith and feeling. The lonely City wife's monologue at the close is another of his ravishing gifts to a soprano, here the appealing and dignified Eiddwen Harriby. In the death of any real action, however, the words have the hopeless task of creating the drama; hopelessly we inevitably miss so many of them, and because the naturalistic mimicry of straight theatre is hobbled by musical setting, and because that anyhow isn't the art that opera singers practice.

From the start, nothing was believable about Philip Dugan's City chap - neither the accent, the manner nor the clothes, much less his burst of coke-snorting in the seat-front of the final act, nor did his sturdy tenor seem comfortable with the elegant curves of Blake's vocal line. Ann Howard made a good professional fist of the sitcom landlady, but as the *dux ex machina* in the pastoral she got none of her crucial "riddles" across to her in the stalls. As the Commander, Neil Howlett did everything possible with the music for a "character" who is the merest poetical figment.

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Theatre

Shunted about

TED MOORE is a 51 year-old physiotherapist and part-time author (radio plays, short stories) from Hartlepool. For a time, as a boy, he worked on the railways, an experience that informs his first stage play, *The Marshalling Yard*, at the Bush Theatre.

However, this is not a realistic "work" play in the old Royal Court realistic vein of Wesker and Storey. It is a shifting, strange and elliptical essay in territorial relationships into which the nighttime setting of sighing rails and creaking, uncoupled goods trains seems like a damp fog.

Ken (Tom Georgeson) is a defeated, morose workman who is supervised by a humpious foreman, Toller (Paul Daltou), who also happens to be his son, and threatened by an ebullient, permanently slobbered new arrival Rooney (Tom Mannion).

Events in the marshalling yard are poignantly framed by Ken's visits to his sick wife, Vera (Sheila Reid), who has been shunted into an emotional siding and driven mad by living in a house bolted up against a railway embankment.

What exactly the work of the yard entails is not clear. A train has to be made ready for Doncaster, and Ken comes and goes with a wooden pike. But seriousness and danger have taken their toll. Ken's hands are seizing up and he is subject to sudden black-outs. Faces and hands are covered in grime. In inhuman orange

THE SUMMER of 1986 brought *Porgy and Bess* to Glyndebourne and, with it, one of the landmark events in the festival's history. Nobody fortunate enough to see and hear it could ever be the same again. The right of the piece to the name of opera had previously been disputed, its flaws widely proclaimed, its greatness often questioned (even if Gershwin's tunes had long ago entered the bloodstream of 20th century popular music).

Here, the whole work came into its own. The subsequent failure to preserve Trevor Nunn's production on video was a monumental folly. Bot one recording company, at least, has acted wisely and responsibly: EMI's original-cast recording (made after the two "farewell" Festival Hall concerts in February of last year) has just been published. It is one of the most keenly anticipated sets of recent times, and it makes a bold new entry on the shortlist of truly meaningful performances on record.

In every bar and note the performance is stamped, with perhaps even more obvious dominance than in the theatre, with Simon Rattle's blazing love for the score. This is one of the most passionately "felt" opera recordings in existence. The playing of the LPO breathes light, air, vitality, above all a very free kind of lyrical energy, it is impossible to imagine Gershwin's heavily padded, insistent, overblown orchestration being made to generate a more purposefully focused dramatic vision. Occasionally, one wonders (as in the very slow tempo for "Summertime" and all its reprises) whether love may be getting the better of prudence; the warm-hatb sound-picture emphasises a Delius-like rhapsodizing in such a passage, as well as causing the occasional loss of clarity in balance.

Records

Passionate about Porgy

Gershwin: *Porgy and Bess*. Willard White, Cynthia Haymon, Harolyn Blackwell, Cynthia Clarey, Damon Evans, Gregg Baker, Marieta Simpson etc./Glyndebourne Chorus, LPO/Simon Rattle. EMI CDS 7 4568 2 (three CDs). *Prokofiev War and Peace*. Galina Vishnevskaya, Wieslaw Ochman, Lajos Miller, Nicolai Gedda, Stefania Toczyńska, Nicola Gyuzulev, Eduard Tumanjan etc./Radio France chorus, Orchestre National de France/Mikhail Rostropovich. Erato ECD 75490 (four CDs).

ingly witty *Spouting Life*, and Marieta Simpson's Maria (a classic cameo) there must be a brief mention.

But Willard White demands more than that. He was also the Porgy of the Decca set, a young singer with a lovely bloom on his voice. The sound has darkened, filled out, grown in projectile intensity; where earlier on, in the finale, there were hints of strain, the *Hel-debarition* grandeur of the singing seems now unquestionable. The whole EMI performance gives the impression of taking its tone from the mature magnificence of Mr White's voice, of drawing its emotional force from his characterization, which slowly unfolds into warmth, generosity, and a final gut-wrenching heroism that stirs the listener. Willard White's second Porgy is one of the great per-

formances on record. If there were no other reason to rush out and buy this set, he would be reason enough.

I should like to be able to greet the first complete *War and Peace* with the same enthusiasm. Memories of performances at the Coliseum in the 1970s are still strong, and they tell of a mighty operatic canvas broadly and boldly filled, with colour and incident, a grand popular spectacle that was the sum of its parts and a lot more as well. Sadly, it is the patchiness of the canvas that is most fully demonstrated in Rostropovich's performance - perhaps because his Prokofiev conducting, undoubtedly as passionate and enthusiastic as Rattle's Gershwin, is erratic, stop-go in pacing and phrasing, leading to a sense of fiftid dramatic spark. A lot of water-treading in "Peace" that one had not noticed before stands out.

So, at least, and in a more positive way, does the romantic fervour of the big choral apotrophes and tableaux (in the finely balanced recording), and of some of the well-remembered solo passages - Gedda makes sure that Anatole's contrition is vivid and telling, as does Toczyńska's lustrous Hélène and, in "War", the strong Kutuzov of Gyuzulev and superbly black, hazy, Napoleon of Tumanjan.

But there are rather too many neutral-to-dull offerings elsewhere; and these unfortunately include both the Andrey (Lajos Miller) and the Pierre (Wieslaw Ochman). As Natasha, Vishnevskaya makes a brave but profoundly unwise attempt to recapture her youthful glory in this role, to be brutally honest, she is a trial to listen to.

Max Loppert

NOW THE final part of *The Sea Voyage* has been heard (Radio 3, Tuesday). I can give it more of an overall view. It was, I think, on the whole dramatically unbalanced. We had a calm in the Atlantic last week, and this week a longer calm in the Pacific. The excitement that charged the start of the voyage was hardly matched by the horrors of the Pacific calm, where only one of the five

ships survives, and only 30 men. In a style unlike the anthropomorphic ado of the earlier scenes is a horrid account of the starving survivors, forced to live first on their mouldy rations, then on the rats, rats' droppings, cockroaches and maggots.

Hysteria inevitably abounds. Simon Perez (John McAndrew), who now has much of the narrative, is visited by Saint Jerome. A talking sea-serpent

Radio

The armada comes to grief

risers ominously alongside. But landfall comes, after 3000 leagues, with friendly natives (apparently Arabs) inhabiting an island on which bones are revered.

They are not, alas, the bones of Christ. Juan Hurtado (Philip Voss), disillusioned with his armada and his heretical Nestorian beliefs, dies and is buried on the island with the bones. For me this long dimming was an inadequate conclusion. The production by Jane Morgan was vividly imaginative, though she might have altered the pronunciation of "studding-sails" and "top-gallant".

The BBC can't resist a round number, so they gave a boost to this week's *Conversation Piece* (Radio 4, Thursday), the 100th. Sue MacGregor had 25 minutes with the Japanese-cum-Viennese pianist Mitsuko Uchida, after which I felt I would be happy to meet Miss Uchida, even happier to meet Miss MacGregor, but hadn't learnt anything important - perhaps the right values for mid-morning Radio 4. It was certainly more entertaining than Claire Rayner's half-hour with Dame Alicia Markova (Radio 2, Saturday), which was a first-person trip through the *Who's Who* hit, seasoned with big names.

Also on Radio 2, I heard the first of the four parts of *When Spring Was King* on Tuesday, introduced by Mel Tormé; but he was halfway through without mentioning Ben Folds (whose name first featured in *Benny Goodman*) so I decided to wait for a later programme. Back on Radio 3, yesterday we had Shakespeare's *Timon of Athens*. This rather rough play about a charming man and his uncharming friends is not a

and the even more misanthropic Apemantus, there is no one of much interest in the play, not even Alcibiades, and no women but whores.

Timon has some fine speeches, though, notably his cursing of Athens after his last dinner, and Stephens does them well.

B.A. Young

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EXHIBITION OF LEADING MOSCOW ARTISTS at the Alliance Gallery, 74 South Audley St, W1. May 20th - June 3rd. Tues - Sat 10am - 6pm. Long hours Thurs June 1st 10am - 9.30pm for information. Tel: 01-821 9401.

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ARTS

Where would you find a crucified Christ on a crocodile? On the South Bank where a major summer festival is being held

Viva Latin America!

At the Haywards, the major exhibition of the South Bank Centre's Latin American Festival...

and History and Identity to bring us up to the present. That that present should be so bound up with its past, here so intriguingly demonstrated...

Orozco Siqueiros, for example are of course represented, but by typical works rather than a succession of overwhelming masterpieces...

vincing and affecting. But he also shows us that once the artist has penetrated the wilderness, it is a little less wild. My one regret is that there was no room among the introductory, antecedent works for the extraordinary landscapes of the 17th century painter, Frans Post...

The exhibition has been organised in collaboration with the Spanish Ministry of Culture and the Swedish National Museum...

William Packer



"Grandparents, My Parents and I (Family Tree)" by Frida Kahlo

A question of identity

THE TERM Latin America covers a diverse conglomeration of countries. Chileans, Brazilians, Argentinians, Mexicans, Ecuadorians, Peruvians, and people belonging to a number of other separate nations...

lery or attend other events on the South Bank under the heading Viva!, which includes concerts of music by Villa-Lobos, Chavez and Beethoven...

artist Roberto Matta; the Mexican sculptor, Helen Escobedo; the Colombian painter, Santiago Cardenas; and Roberto Fonsaul, the Brazilian art historian.

agreement there is within Latin America about the question of a Latin American identity, this was amply provided by a number of fascinating interchanges between the Latin Americans themselves...

Nonetheless, despite these entertaining exchanges, there emerged from several passionate outbursts a clear sense of a commitment to an ideal of Latin American consciousness...

art-markets and publishing houses of New York, Paris and London, seemed to be a fairly common one in Latin America - with an accompanying sense of guilt about the presence of an indigenous population whose needs contemporary art and literature completely fails to meet...

recently was touched upon, and there was a salutary reminder of the constraints imposed on artists, and on writers particularly, by Governments. This came out fully in a talk on "The Intellectual in Chile" by Jorge Edwards...

Anthony Curtis

The Thatcher Factor

The new Minerva Studio at Chichester is Festival director John Gale's crowning glory, says Martin Hoyle

THERE IS a spark in Chichester's South Street, amidst the estate agents' real estate signs...

lift the "superfluous people" of Russia's ancien régime with Chichester's own public. The Festival enjoys the reputation of commercial theatre carefully calculated not to epater les bourgeois...

disastrously, to a community centre that nobody could find, before setting in The Tent, a marquee with a hoist at the back...



John Gale, now in his last season as director of the Chichester Festival Theatre

rather badly and the meretricious rather well. Sometimes it does the rotten rottenly. But it's failures, the private marketer would hasten to point out, make no demand on the public purse.

Ballet Soviet stars in La Bayadère

IF LA Bayadère is to make sense in its new life with the Royal Ballet, it is to be seen as a serious repertory acquisition, it must be treated with respect and a willingness to accept its merits as well as its historical significance.

Ganzatti in the famous interview when the two women dispute for Solor's love: Guillem is too impassive when faced with the flame of this Nikitya's feelings.



Sylvie Guillem's Ganzatti at Covent Garden

comment upon after the Royal Ballet settles into this staging: performances are decent, if still somewhat uneasy. The sets by PierLuigi Samaritani are very fine indeed, and Yolanda Sonnabend's costumes are property opulent. The intricacies of the present scoring are in no way disguised by the orchestra under Isiah Jackson...

Clement Crisp

Advertisement for Habsburg, Feldman Fine Art Auctioneers, featuring a Judaica Auction of important objects, manuscripts, books, textiles and paintings from Western, Central and Eastern Europe, North Africa, XIV to XIX Century.

Advertisement for 'In Pursuit of Leisure' exhibition, featuring English Distinctions from William III to William IV, at W.R. Harvey & Co. (Antiques) Ltd.

transfers to the West End, and further, have figured largely in Festival planning, in each subsequent year. Best of all, the musical can scarcely complain in principle at revivals of Coward's Covello, Amie, Get Your Gun! or A Funny Thing Happened on the Way to the Forum (Robert and Elizabeth) - a classic is more debatable. Middlebrow authors of a certain generation, perhaps remembered by Chichester players for their West End heyday, include Bolt, Baginold and Anouilh. And when commercial acumen coincides with theatrical talent, as in Nicholas Hytner's Scarier Pimpernel with Donald Sinden, the sceptics are still.

Advertisement for Christie's 'Pick of the week' featuring a Norman Wilkinson P.R.L. Golf in Northern Ireland, 40 x 50 in. (102 x 121 cm), Estimate £300-500.

SPORT

Watson on the brink of oblivion

Ben Wright on the demise of a player who is a credit to golf

OF ALL the questions one is asked about fading golfing superstars, none has ever been asked of me more often than: "Can Tom Watson come back again and win another tournament, let alone a major championship?"



Tom Watson: a great golfer in a desperate plight

moment Watson is 80th on the 1989 list. Secondly, although Watson is still the all-time leading money winner, by a narrow margin, his pathetic putting, particularly on short range, has been slowly but surely destroying a game that was once based on all-out aggression.

will allow more younger players to have a chance. But Watson as a person remains an enigma, and very much a "loner". A fierce traditionalist, he has many admirers but few friends on tour.

The top tennis men sharpen their claws

ACTING AS ball-boy for Stefan Edberg, and Anders Jarberg, as the Swedes went through a punishing routine of training drills and a hard practice set, was a pleasant diversion in the hot Dusseldorf sunshine.

reason why they should not win a French title. After all, the great champions of the past have all proved themselves capable of adjusting their fast court techniques and their attitudes to succeed on the slower surface.

John Barrett enjoys being a ballboy in the German sunshine

club, built in tiers on a wooded hillside near the Rhine, there is still an echo of the amateur tournaments of yesteryear. Both are true, Edberg and Becker have looked very impressive. They are serving with tremendous authority and are volleying well too.

Seeds in draw order for the French Open Tennis Championships

- 1 Lendl v 15 Chang
10 Carlsen v 7 McNeil
4 Wilander v 13 Aoki
12 Sanchez v 5 Agassi
6 Hiseck v 11 Mancini
14 Krickorian v 8 Edberg
7 McNeil v 9 Connors
10 Perez Roldan v 2 Becker

CROSSWORD

No. 6,945 Set by CINEPHILE
Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday June 7, marked Crossword 6,945 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday June 10.

Crossword puzzle grid with numbered squares for clues.

- ACROSS
1, 4 Sell the Army, Navy and RAF? (6,6)
8 Study, beware it's hollow (7)
9 Sort of guest that's cautious about the New Testament? (7)
11 Princess's letter is valedictory (10)
12 State of those without a home (4)
13 Academic or voluntary supplier (5)
14 Polite disclaimer: no thanks, over six feet? (3,3,2)
15 Saint and Irishman won't budge (5,3)
18 Start where films are made? (5)
20 Flag of many colours (4)
21 County pro with his and hers involved (10)
23 A ruffie gets ruffled, I'm afraid? (7)
24, 25 Child star ruined her pet - silly me! (7,5)
26 "Work" and "sit" are diametrically different (6)

TELEVISION & RADIO SATURDAY

- 6:45 Central: 2:08 Brian Cooper - The War
8:20 The Chart Show, 12:30 pm The World of Guinness Records
11:30 The Chart Show, 12:30 pm The World of Guinness Records
12:30 The Chart Show, 12:30 pm The World of Guinness Records

TELEVISION & RADIO SUNDAY

- 10:45 The Human Face of Japan, 11:15 Let's Romance, 11:45 Link, 12:30 pm Lansdowne
12:30 pm The Chart Show, 12:30 pm The World of Guinness Records
12:30 pm The Chart Show, 12:30 pm The World of Guinness Records

RADIO 3

- 7:00 am Morning Concert, 8:15 The Week on 4
8:30 News, 8:55 Radio 3 Lunch (Dinner), 9:00 The Chart Show, 9:00 The World of Guinness Records
10:30 The Chart Show, 12:30 pm The World of Guinness Records

Handwritten signature or mark at the bottom of the page.